

B. SURVEY FOCUS

The survey is an expanded version of our 2007 capacity building survey of Indiana charities conducted at the request of the Indiana Grantmakers Alliance with support from Lumina Foundation for Education. Like its predecessor, the IAC survey aims to develop a firm grasp of the underlying dimensions and nuances of capacity building and technical assistance by asking responding organizations to identify their most significant needs in each area and the best ways to address them. To provide the most comprehensive assessment, we also asked respondents to assess specific challenges in broad categories of capacity building identified in the literature in order to establish which aspects present the most severe and/or widespread challenges. Finally, we asked respondents to indicate how helpful various types of funding, technical assistance, and/or peer learning would be in addressing these challenges. The full survey instrument is available at:

<http://www.indiana.edu/~nonprof/results/npcapacity/IndianaArtsCultureCapacitySurvey.pdf>.

C. SAMPLE AND SURVEY PROCEDURES

The original sample consisted of all 1,792 organizations that have sought funding from the IAC or any of its regional partners since 2003. To administer the survey, we used a web-based format hosted by Vovici.com. To maximize response rates, the IAC first contacted potential respondents to alert them to the survey and request their participation. We followed that with invitations to participate in the survey and several follow-up contacts to non-respondents. In addition to promising respondents full confidentiality, we also offered several incentives: a summary of our final report to all those completing the survey and an opportunity for 12 respondents, selected at random, to have their organization

featured for one month on the IAC's website. Finally, we experimented with an additional incentive by randomly selecting one-half of the organizations to receive a customized report that would allow each organization to compare its own "challenge scores" to other similar organizations.

In all, 279 organizations completed the survey, another 96 completed portions of the survey, while 22 organizations refused to participate and 980 did not respond despite repeated invitations, resulting in an overall response rate of 27 percent. The remaining 415 organizations in the original sample include 42 that are duplicates of other organizations, 70 that are ineligible for the survey, and 303 for which no valid contact information (e-mail, phone number, or mailing address) could be located. For a more detailed description of the sampling and survey procedures, see Appendix A.

II. EXECUTIVE SUMMARY

A. CAPACITY BUILDING CHALLENGES

referring to what? → We selected seven dimensions of capacity building that were most prominent in the literature and asked arts and culture organizations in Indiana whether indicators within each posed a major, minor, or not a challenge, or was not applicable. We find that financial resources pose the most challenges, followed by networking and advocacy, marketing, programs and planning, information technology, human resources, and operations and governance. and.

Financial Resource Capacity. All aspects of securing financial resources pose at least a minor challenge to at least 60 percent of Indiana arts and culture organizations. Obtaining funding or other financial resources in general, expanding the donor base and securing foundation or corporate grant support are viewed as a major challenge by more than 60 percent and as at least a minor challenge by approximately 90 percent of organizations.

Networking and Advocacy Capacity. All indicators pose at least a minor challenge to more than two-thirds of the organizations. Enhancing public understanding of key policy issues and strengthening relationships with key policy makers pose at least minor challenges for more than 75 percent of arts and culture organizations, with a third reporting major challenges.

Marketing Capacity. All indicators pose at least a minor challenge for more than 60 percent of respondents. Enhancing the visibility and reputation of the organization is at least a minor challenge for almost 90 percent and a major challenge for close to half.

Programs and Planning Capacity. All indicators pose at least a minor challenge to

about half of the respondents, with attracting new members or clients a major challenge to more than two-fifths and at least a minor challenge to more than four-fifths.

Information Technology Capacity. All indicators are considered to be at least a minor challenge by more than half the respondents. Creating a comprehensive and interactive website and creating, updating and effectively using databases are seen as at least a minor challenge by more than three-fourths and as a major challenge by about a third.

Human Resources Capacity. All indicators of human resources capacity are identified as at least a minor challenge by more than half. Recruiting/keeping qualified volunteers or board members, as well as board training, are considered at least minor challenges by more than 60 percent and as major challenges by about 30 percent.

Operations and Governance Capacity. All indicators pose at least a minor challenge for more than half the organizations. Undertaking strategic planning and training and/or developing the board are viewed as a minor challenge by about 70 percent and as major challenges by about a third.

Helpful Assistance in Addressing Challenges. We asked respondents how they would rank the helpfulness of various types of funding, peer learning, and technical assistance. Overall, multi-year and general overhead funding are seen as very helpful by at least 80 percent of respondents, followed by endowment funding (71 percent), small targeted grants (61 percent), challenge grants (53 percent), and learning from peers (44 percent). All other types of assistance were considered very helpful by no more than a third, although all types of assistance was considered at least somewhat helpful by more than half, except for cost loans (only 19 percent). The overwhelming majority (approximately 80 percent) also rated IAC

project and operations funding as very helpful, as did 35 percent with regard to IAC regional training and workshops (Figure 3).

The Significance of Organizational Characteristics. Looking at challenges in conjunction with various organizational attributes, we did not find that any particular characteristic (e.g., mission or size) was consistently responsible for challenges. However, we did find that an organization's level of focus on its arts and culture programs plays a statistically significant role in over half of the specific challenges we investigated. Additionally, over half of the assistance options share statistically significant relationships with the level of IT sophistication, presence of volunteers, or use of endowment or government grant funding.

B. NONPROFIT VIEWS

To assess how nonprofits define and differentiate *Capacity Building* and *Technical Assistance*, we asked our respondents to describe (1) their three most significant capacity building challenges and the best ways to address each of these, and (2) their three most significant technical assistance needs and the best ways to address each.

Extent and Nature of Capacity Building and Technical Assistance Needs. We analyzed the extent to which respondents provided descriptions of capacity building or technical assistance needs, as well as whether those descriptions included references to specific organizational changes or resources needed.

Not all respondents identify major capacity building or technical assistance needs, but about 49 percent report having at least three capacity building needs, while only 25 percent described as many technical assistance needs. Overall, respectively 76 and 69 percent reported at least one need of a given type.

Respondents appear to have greater awareness of the types of resources than the nature of organizational changes they need in order to address their capacity building or technical assistance needs.

Our results also suggest that *capacity building* and *technical assistance* have different meanings for arts and culture organizations. Technical assistance appears to be defined mainly as having to do with technology, while capacity building appears to be applied to broader functional areas, such as fundraising, human resources, general operations and governance, and marketing.

Three Most Significant Capacity Building Needs. Only 27 percent of the 592 descriptions of capacity building needs include details on the nature and/or direction of organizational changes needed; another 51 percent contained only general reference to organizational activities. By contrast, 45 percent of the descriptions reference specific resources needed; another 41 percent identify only general types of resources.

While needs related to financial resources are clearly the most prominent, those related to human resources, and operations and governance take on greater prominence when respondents focus on just their three most significant needs as opposed to assessing how challenging specific types of capacity building are.

Most Helpful Ways to Address Capacity Building Needs. Our respondents listed the most helpful ways to address each of their three most significant capacity building needs. Some type of funding assistance was mentioned in 40 percent of the descriptions followed by human resources (23 percent). Various forms of marketing efforts were included in 17 percent and some form of external assistance in 14 percent.

Three Most Significant Technical Assistance Needs. Of the 418 major technical assistance needs described, 53 percent include at least some details on the specific resources that would be needed, with another 32 percent identifying a general type of resource. Only 35 percent provided details on the nature and/or direction of organizational changes needed, with another 39 percent including only references to some organizational component.

Over half (56 percent) of the descriptions include some reference to information technology, with items related to operations and governance trailing far behind at 15 percent, followed by human resources (14 percent), funding (13 percent), and marketing (10 percent), with the remaining two categories even less prevalent.

Most Helpful Ways to Address Technical Assistance Needs. Our respondents also described the most helpful ways to address each of their three most significant technical assistance needs. Over a quarter included some reference to funding, followed by information technology (23 percent) and human resources (20 percent), and some form of external assistance (18 percent).

C. SUMMARY AND RECOMMENDATIONS

Based on our analysis of what respondents view as the most helpful types of assistance to meet various types of capacity building and technical assistance needs, we identify four priorities for the Indiana Arts Commission and other funders in the arts and culture field.

Top Priority: Funding Assistance. More than 80 percent see multi-year funding and general overhead as very helpful. We recommend that Indiana funders give serious consideration to providing this type of support to arts and culture organizations seeking assistance with capacity building needs. Endowment funding, small grants and

challenge grants targeted at particular areas of capacity building are also likely to be very useful.

Second Priority: Peer Learning. The opportunity to interact with and learn from peer organizations is seen as very helpful by 44 percent of respondents and at least somewhat helpful by 89 percent. Thus, we recommend that arts and culture funders and other community leaders give serious consideration to creating opportunities for peer interactions and information sharing among executives and others in key arts and culture management positions, such as volunteer managers, special event coordinators, grant writers, and the like.

Third Priority: Joint activities with other organizations. More than 32 percent indicate that joint activities with other organizations are very helpful, with 85 percent finding it at least somewhat helpful. We therefore recommend that funders explore ways to facilitate collaborative activities among arts and culture organizations.

Fourth Priority: Support for Technical Assistance. Outside consultants, student interns, and workshops and other off-site training are viewed as very helpful by about three in ten or more of respondents and at least somewhat helpful by three-fourths or more. Thus, we recommend that funders give particular attention to identifying and supporting high quality consultants, student internship programs, and workshop or training opportunities.

III. KEY FINDINGS

A number of key findings stand out from our analysis of capacity building and technical assistance needs among Indiana arts and culture organizations.

Indiana arts and culture organizations face many capacity building challenges.

When asked to assess a broad array of capacity building challenges, our respondents indicate that securing financial resources presents the most severe and widespread challenges, followed by networking and advocacy and marketing, with programs and planning, information technology, human resources, and operations and governance, following in succession. We find that financial resources remains the most prominent type of capacity building need when respondents were asked about their own three most important needs in open-ended questions. Respondents, however, indicated human resource and operations and governance as the next most prominent challenges they face. These are followed by challenges in marketing, programs and planning, information technology, and lastly networking and advocacy.

Seven of the ten most prevalent major challenges are related to funding. Almost all of the specific capacity building dimensions across the seven broad categories pose at least a minor challenge for most nonprofits. However, more than half of all respondents reported major challenges with: obtaining general funding, expanding the donor base, securing foundation or corporate grants, developing a capital campaign, building an endowment, and securing government grants/contracts. At least 40 percent report major challenges with enhancing visibility, attracting new members/clients and writing grant proposals; at least one-third report major challenges with developing community communications, creating comprehensive and

interactive websites, recruiting and keeping volunteers, and strategic planning.

Arts and culture organizations indicate that various types of funding would be very helpful in addressing these capacity building challenges. Over three-fourth of the organizations reported that multi-year and general overhead funding would be very helpful in addressing capacity building challenges, followed by over half reporting that endowment funding, small targeted grants, and challenge grants would be very helpful. In addition to funding assistance, over 40 percent of organizations reported it would be very helpful to have opportunities to interact and work with peers. About one-third of respondents also noted that outside consultants or joint activities with other organizations would be very helpful. When considering IAC assistance, organizations also emphasize the helpfulness of funding. Almost all organizations noted project funds would be helpful (80 percent very helpful, 17 percent somewhat helpful). Most organizations also indicated the helpfulness of operations funds (79 percent very helpful, 14 percent somewhat helpful).

Indiana arts and culture providers do not view capacity building as synonymous with technical assistance. It appears most organizations associate technical assistance with information technology. In contrast, capacity building reflects a broader set of functional areas, including fundraising, governance, and human resources.

An organization's degree of focus on its arts and culture and activities is significantly associated with certain challenges. For example, organizations with a greater focus on the arts have greater challenges with enhancing their visibility, attracting new members or clients, training/developing the board, and strategic planning. However, we find that organizations

with a moderate focus on the arts have the fewest IT-related challenges.

Higher age does not appear to confer greater organizational capacity or experience in managing challenges. While we expected younger organizations to have the most capacity building challenges, this was not always the case. The significance of an organization's age varied depending on the type of challenge, with sometimes older or "middle-aged" organizations having the most challenges.

While organization formality is frequently related to how helpful organizations see various types of assistance, this relationship is not straightforward. We asked organizations whether they had various policies and procedures in place associated with organizational formality and capacity (e.g., written personnel policies, a written code of ethics, computers for staff members, etc). Organizations with a moderate number of these components tend to find various forms of assistance more helpful, compared to organizations with only a few or a great many of these elements. This suggests that organizations need a certain level of formality to benefit fully from assistance, but that the usefulness of assistance declines again as organizations develop more formal policies and procedures.

While an organization's revenue diversification is related to challenges, this relationship doesn't hold across the board. We asked organizations if they received revenue from a variety of sources (e.g., individuals, grants, sales or fees for services, etc.). For over half the top challenges, the number of revenue sources is statistically significant. We might expect organizations with more revenue sources to have fewer challenges, considering the emphasis organizations placed on financial resource challenges and the helpfulness of financial assistance. This, however, is not the case.

Challenges sometime peak for organizations with a moderate number of sources, and in a couple of cases, organizations with no revenues at all report the fewest challenges.

Very few challenges vary significantly across state regions. Organizations face similar challenges regardless of their location in the state with only a few exceptions. Thus Indianapolis-area organizations report greater challenges in enhancing their visibility and reputations, securing foundation or corporate grant support, and developing comprehensive and interactive websites compared to organizations in other regions of the state. Additionally, Indianapolis-area organizations see low-cost loans as less helpful.

IV. METHODOLOGICAL NOTES

1. MULTIVARIATE ANALYSIS

In some prior survey reports we primarily used cross-tabulations of two indicators (*bivariate analysis*) to guide our investigations. This method allowed us to examine whether there is a significant relationship between two variables, such as size and age, to see if older nonprofits are notably larger or smaller than young ones.

Although useful, this approach is limited in that it only permits us to examine two variables at a time. Thus, continuing with our example, if we found that small nonprofits are more likely to be young than old, we might be curious whether this also has something to do with the field of activity in which the nonprofits operate. More advanced statistical techniques make it possible to include multiple variables into a statistical model in order to determine which of them significantly relate to the one we are trying to understand. Statistical techniques that allow us to look at multiple variables at the same time are called *multivariate analyses*. In the present

report we experiment with these techniques in order to provide a more robust and nuanced analysis of the capacity building challenges that Indiana arts and culture organizations face.

To simplify the presentation, however, all the figures that we present are based on the bivariate analyses. We use the text to highlight the variables that stand out in the multivariate analyses (logistic regression).³ As in previous studies, all analyses include eight key variables. These are **type of arts and culture activity, sector** (nonprofit vs. public auspices), involvement in **collaboration/networking, size,**⁴ **funding mix,**⁵ **age, and location.** For a complete list and description of these variables, see Appendix B. We also consider whether having specific **organizational tools or components** (such as information technology) in place is associated with fewer challenges in a related area (as we would expect).

Our analysis highlights differences that meet statistical criteria of significance (5 percent or less chance that the results occurred by chance). In some cases, we also note “marginally” significant relationships (10 percent or less ~~change~~ chance that the results occurred by chance).

³ Note to IAC: We ...
and ...

These sub-categories suggest that organizations may encounter operations challenges ...
① ... without also encountering governance challenges.
or
② ... and at the same time also encounter governance challenges.

We focus primarily on differences by arts and culture field of activity, but also examine the impact of collaboration or networking, sector, size, funding mix, age, and location (and the interaction of these characteristics where relevant) on whether Indiana arts and culture providers ~~are~~ experience particular types of capacity building challenges. As appropriate, each of these key dimensions is discussed in more detail in the body of the report. Appendix B shows how these relationships vary by region.

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2. FACTOR ANALYSIS

Additionally, we performed a factor analysis of all challenge and assistance items. Factor analysis is a statistical method that explores the relationships among a large number of variables. This process helps reveal unobserved underlying dimensions called factors.

For example, it would be difficult for organizations to answer one singular question that broadly asks them to rate their operations and governance challenges. Instead, we asked several specific questions about operations and governance challenges (e.g., strategic planning, board development, etc) that we thought would be good examples of this larger challenge

For this particular example, we found two groupings (or factors) of operations and governance challenges – an “operations” cluster (which includes performing routine tasks and managing facilities) and a “governance” cluster (which included board-staff relations, organizational culture, strategic planning, etc.). These sub-categories suggest that organizations may encounter operations challenges without at the same time also encounter governance challenges.

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In addition to operations and governance challenges, our factor analysis revealed sub-

clusters for human resources and financial resource challenges. We also found four different clusters of assistance. We will discuss these in further depth in their respective chapters.

V. CAPACITY BUILDING: CHALLENGES AND ASSISTANCE

As noted in our first capacity assessment report, a review of the research literature⁶ reveals both the complexity of capacity building as a concept and the diverse approaches that researchers and practitioners have used to identify the key components involved. To obtain a comprehensive assessment of capacity building challenges, we focused on a broad range of tasks identified in the research literature but supplemented with tasks of particular concern to the IAC. We grouped these into seven broad categories: operations and governance, human resources, programs and planning, marketing, networking and advocacy, financial resources, and information technology (the same categories we examined in our 2007 report).

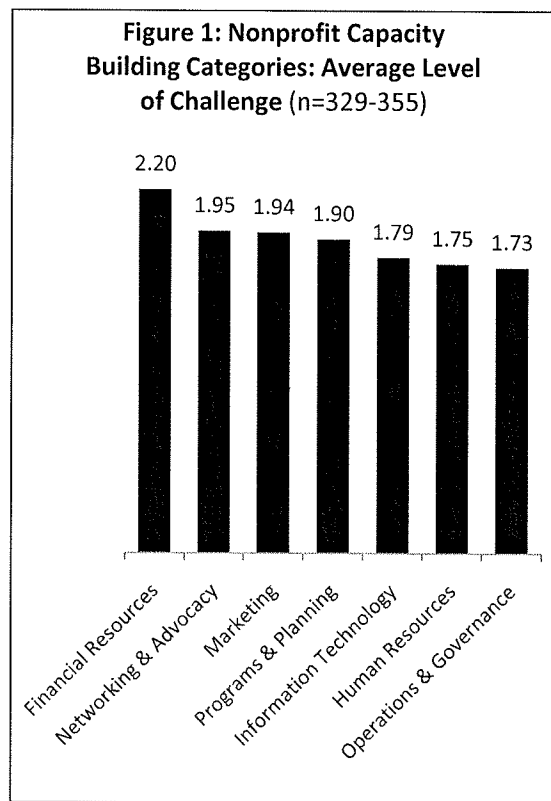
A. CAPACITY BUILDING CHALLENGES

Focusing on each of the seven broad categories in turn, we asked survey respondents to indicate the extent to which specific types of capacity building efforts within that category present **major**, **minor** or **no challenges** to the respondent's organization. We recoded those responses to a four-point scale so that we could compute an average challenge score for each of the

seven categories, with 3 indicating that a particular dimension presented a "major challenge," 2 indicating "a minor challenge," and 1 indicating "not a challenge." We coded those that said a particular indicator did not apply to them as zero in order to avoid overstating the extent of challenge if a particular item pertains only to a small number of respondents.

Figure 1 shows the average challenge scores for the seven categories, ranging from the most challenging at the bottom to the least challenging at the top. Not surprisingly, capacity-building efforts related to **financial resources** are the most severe with an average challenge score of 2.20 on the 0 to 3 scale. Three other areas show intermediary challenge scores: **networking and advocacy** (averaging a 1.95 average challenge score) and **marketing** (1.94), followed by **programs and planning** (1.90). The remaining three areas have notably lower challenge scores: **information and technology** (1.79), **human resources** (1.75), and **operations and governance** (1.73).

⁶ See Appendix A in *NONPROFIT CAPACITY ASSESSMENT: INDIANA CHARITIES, 2007*, by Kirsten A. Grønberg and Laney Cheney, with the assistance of Scott Leadingham and Helen Liu. Online report. *INDIANA NONPROFIT CAPACITY SURVEY SERIES, REPORT # 1. MAY 2007.* (<http://www.indiana.edu/~nonprof/results/npcapacity/charitycapacityassessment.pdf>).



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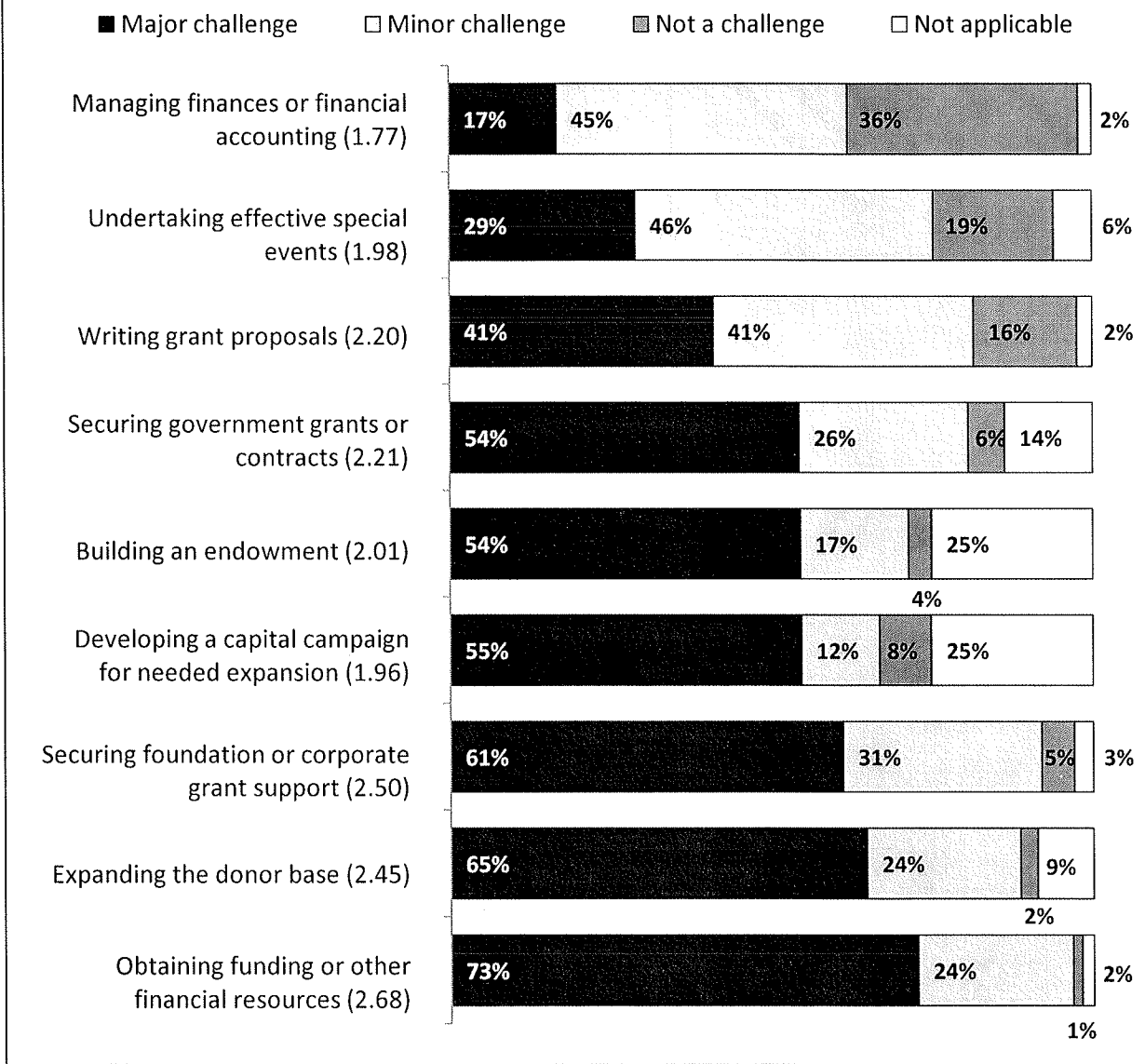
1. FINANCIAL RESOURCES

[This section is still under revision]

As noted earlier, financial resources rank as the most challenging of the seven broad categories of capacity building needs. Indeed, as Figure 4 shows, all aspects of securing financial resources present at least a minor capacity building challenge to more than 60 percent of our respondents. Moreover, six of these dimensions — **obtaining funding** or

other financial resources in general, **expanding the donor base**, **securing foundation or corporate grant support**, **developing a capital campaign for needed expansion**, **building an endowment**, and **securing government grants or contracts** — are viewed as a major challenge by 54 percent or more. The first three of these activities are viewed as at least a minor challenge by about 90 percent or more. About a quarter say that building an endowment or

Figure 4: Financial Resources Challenges (n=335-337)



developing a capital campaign is not relevant to them and 14 percent say that about government grants or contracts.

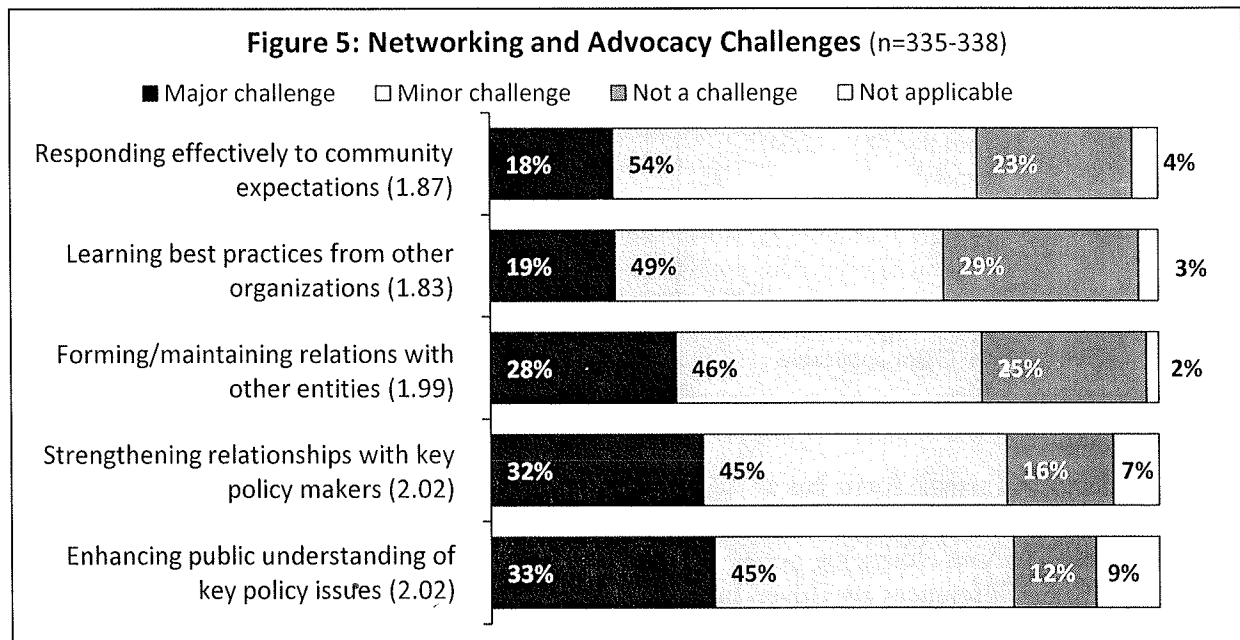
Slightly less pervasive, but still significant challenges, include **writing grant proposals** (identified as a major challenge by 41 percent and as a minor challenge by another 41 percent), while **managing finances or financial accounting** is viewed as a major challenge by only 17 percent, although 45 percent say it is at least a minor challenge.

Impact of collaborations and networking on capacity to obtain funding. When asked whether involvement in collaborations or networking makes it easier or more difficult to obtain funding, about 52 percent said these relationships made obtaining funding easier (while about 33 percent reported no impact and only 8 percent said these relationship made obtaining funding more difficult). Probing a bit further into different types of collaborations and specific financial resource challenges, we find that organizations report less of a challenge in writing grant proposals or securing government grants or contracts if they are involved in collaborations (particularly if they are involved in both

informal and formal networks).

2. NETWORKING AND ADVOCACY

Challenges related to networking and advocacy activities scored second overall in terms of average challenges, but as Figure 5 shows, none of the five items included in this category are considered a major challenge by more than one-third of respondents. The two most pervasive challenges are both related to advocacy activities: **enhancing public understanding of key policy issues** and **strengthening relationships with key policy makers**. They are considered major challenges by about one-third (32-33 percent) and at least a minor challenge by more than three-fourths (77-78 percent). **Forming and maintaining relationships with other entities** is also considered at least a minor challenge by roughly three fourths (74 percent) and a major challenge by more than 28 percent. The last two items in this category: **learning best practices from other organizations** and **responding effectively to community expectations** are considered major challenges by less than one fifth but at least minor challenges by more than two-thirds. Here we focus on the two most severe

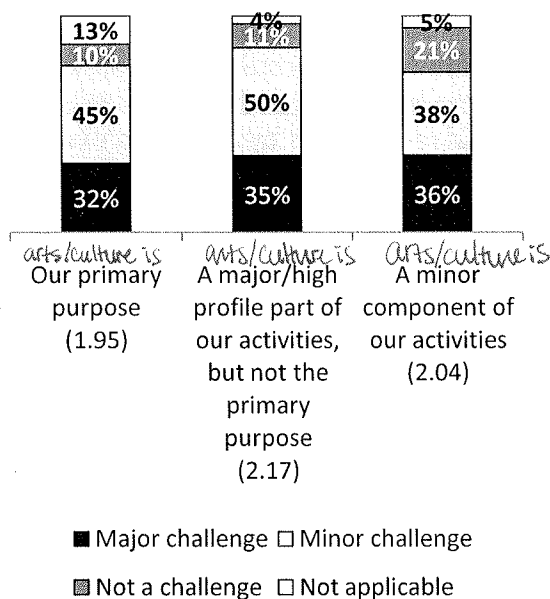


challenges in this category.

Enhancing Public Understanding of Key Policy Issues

As noted in Figure 5, enhancing public understanding of key policy issues was the most challenging networking and advocacy activity. However, challenge levels reported by survey respondents varied considerably. We find that the extent of challenge is related to the organization's primary activities, changes in demand for programs/services, certain kinds of organizational activities and procedures (related to collaboration, policy promotion, information technology, and human resources), as well as basic characteristics, such as age, size (number of employees), and funding profile.

Figure 5.1: Enhancing Public Understanding of Key Policy Issues and the Role of Arts (N=338)



Types of Organizations

While organizational artistic focus has a statistically significant impact on the level of challenge reported about enhancing public understanding, the differences are driven by

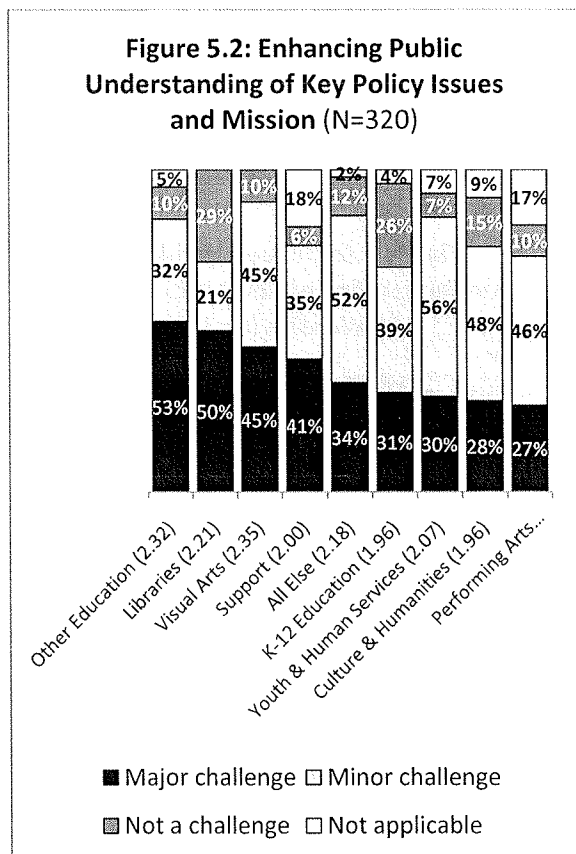
those who view this as not relevant or not a challenge at all. Regardless of the role of arts programming within an organization, about one-third of all types of respondents report a major challenge with this activity (32-36 percent), see Figure 5.1. However, 13 percent of organizations where the arts are their primary purpose do not feel that enhancing public understanding of key policy issues applies to their groups, compared to 4-5 percent for those where arts/culture is not a primary focus. Additionally, groups where arts/culture is a minor focus are twice as likely to say that enhancing public understanding is not a challenge as those with a primary or major artistic focus (21 percent vs. 10-11 percent).

Organizations are also likely to report different challenge levels enhancing public understanding of key policy issues depending on their mission, see Figure 5.2. For example, more than half (53 percent) of all respondents in the "other education" category report major challenges. This category includes higher education institutions, which offer a variety of services and are intensely affected by the current policy environment. Thus, they may struggle with informing their own university community, as well as the larger public, about a range of policy issues that reflect the diverse services they provide. However, libraries, visual art and support organizations are also disproportionately likely to report major challenges. For the most part, this was also the case with marketing activities, such as enhancing the visibility/reputation of an organization's arts and culture activities and developing targeted communications to the community.

Demand for Services

We asked survey respondents to consider if demands for their organizations' arts and culture services or programs changed over the last three years. We find that a significant relationship exists between such changes and organizations' level of challenge enhancing

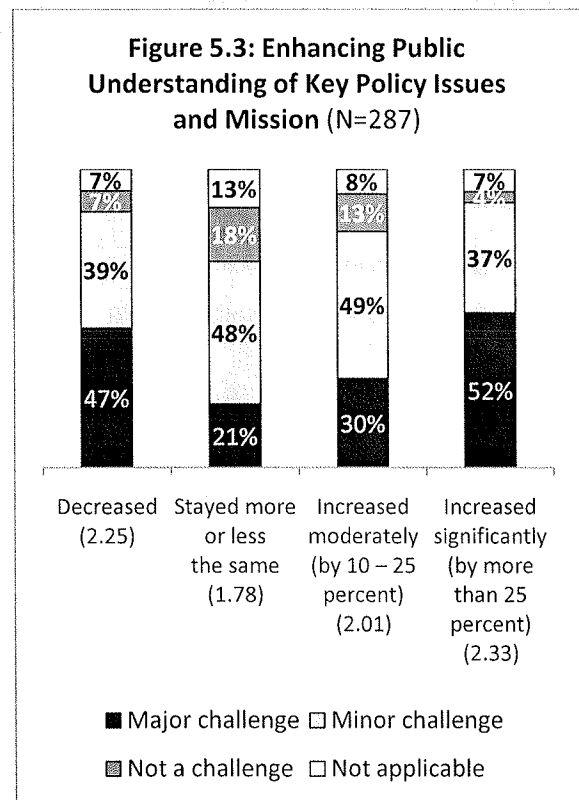
public understanding of key policy issues, see Figure 5.3. Over half (52 percent) of organizations that experienced more than a 25 percent increase in demand reported a major challenge with this activity compared to 47, 21, and 30 percent, respectively, for organizations where demand decreased, stayed about the same or increased only moderately. We suspect that once demand increases above the 25 percent threshold, organizations are so consumed by meeting this demand that resources are reallocated away from policy education and/or non-essential education activities are halted, or, they fear that the general public won't understand and appreciate the significance of such growth. Thus, it becomes more challenging to enhance public understanding.



Activities, Policies and Procedures

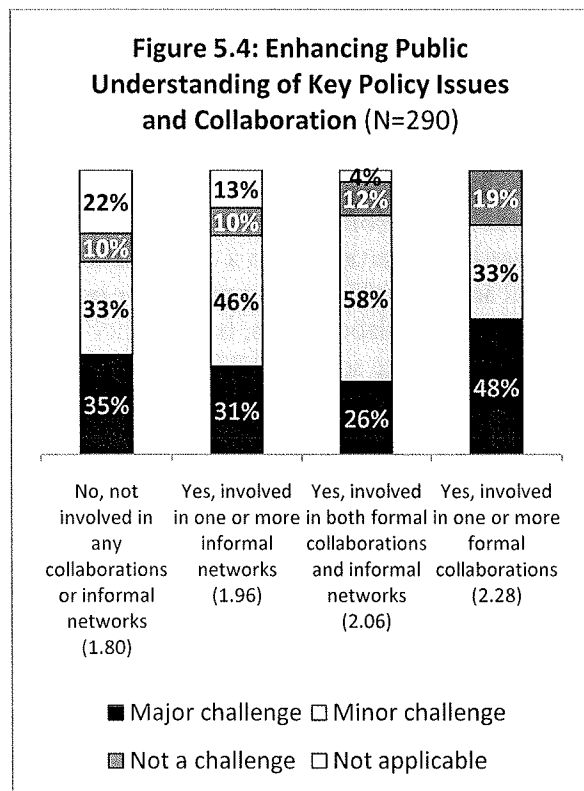
We find that interactions with other organizations are related to challenges enhancing the public's understanding of key

policy issues. It seems that as collaborations become more formalized, the organizations that participate in them are more likely to report higher than the average challenge score (2.03). We expect that a formal rather than informal partnership structure, with clear member roles and responsibilities and accountability measures will result in more successful outcomes. However, as Figure 5.4 shows, formality may introduce new issues for partners to overcome. Respondents that indicated they participate in a combination of formal and informal collaborations, or one or more formal collaborations, have higher than average challenge scores of 2.06 and 2.28, respectively.



We asked respondents to comment on whether their organizations seek to educate the general public about certain arts and culture policy issues. Not surprisingly, the groups that do are more likely to report at least a minor challenge enhancing the public's understanding of key issues (92 percent vs. 74

percent), see Figure 5.5. As organizations become more involved in educating the public, they will also become more conscious of challenges yet to be overcome.



Possession of certain information technology (IT) tools, which respondents may use to disseminate information to the public about key policy issues, also appears to be related to the challenge level they report. Those with an organizational website seem to be more likely to report enhancing public understanding as at least a minor challenge (80 percent vs. 62 percent), see Figure 5.6. While it might seem counterintuitive that possession rather than lack of a website is associated with more challenges, organizations that actually have websites are likely groups that are more interested or involved in enhancing the public's understanding. We speculate that they struggle to use their sites most effectively to disseminate information and their position on key policy issues. It should also be noted that less than 10 percent of the 307 respondents to

this question lack a web site, so this finding may not be robust.

Figure 5.5: Enhancing Public Understanding of Key Policy Issues and Educates the Public and/or Policymakers About Specific Issues (N=299)

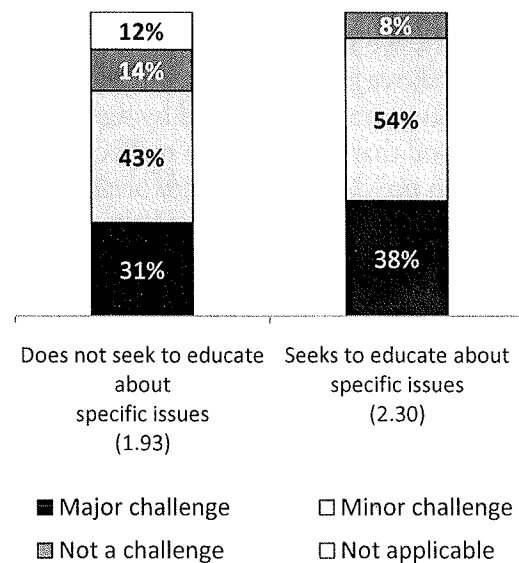
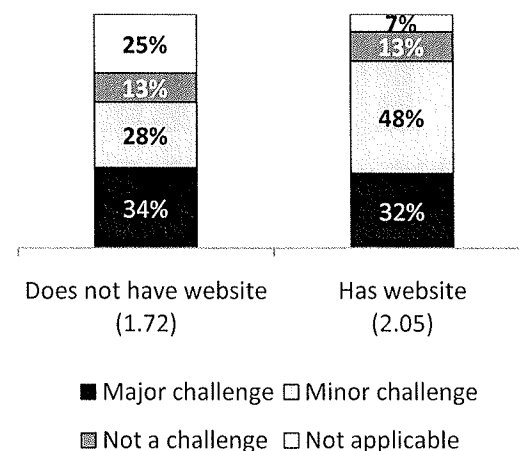
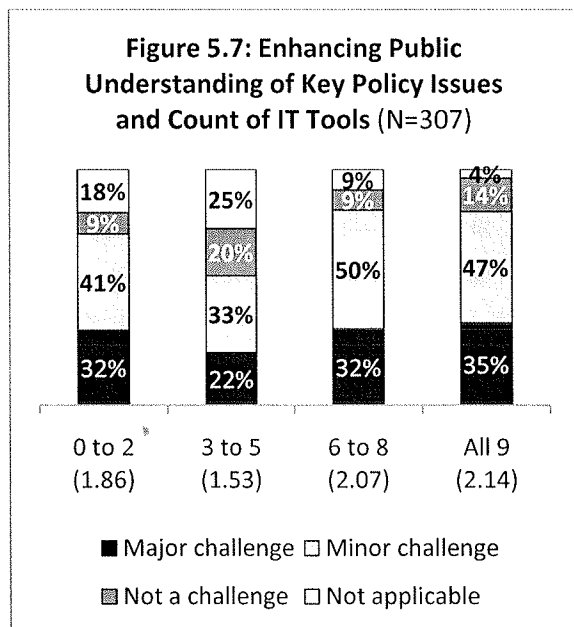


Figure 5.6: Enhancing Public Understanding of Key Policy Issues and Website (N=307)



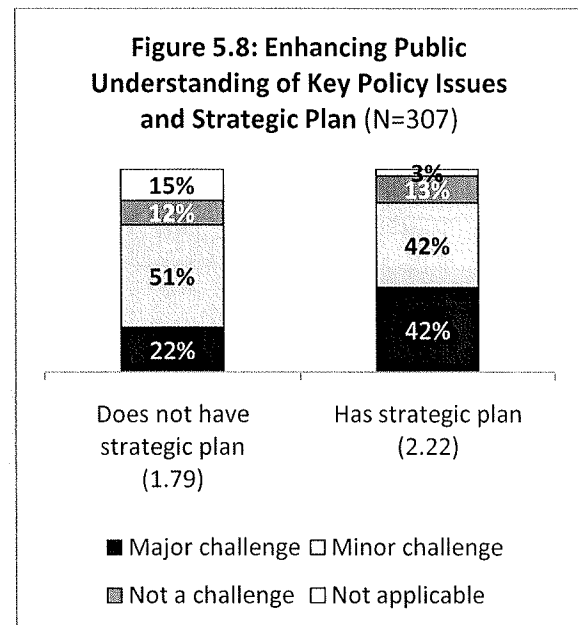
The total number of IT tools respondents have at their disposal also impacts the level of challenge they report, see Figure 5.7. Organizations possessing six to eight or all

nine of the tools mentioned in survey have higher than average challenge scores — 2.07 and 2.14, respectively. Although these groups may have the technical tools readily available, it does not guarantee that they also have adequate staff expertise or other resources to use these tools as effectively as they might wish. Moreover, cultivation of tools may signal an organization's interest in using IT to inform the public. Again, however, as organizations do more work to educate the public, they also grow more aware of their own limitations, and thus report more challenges.



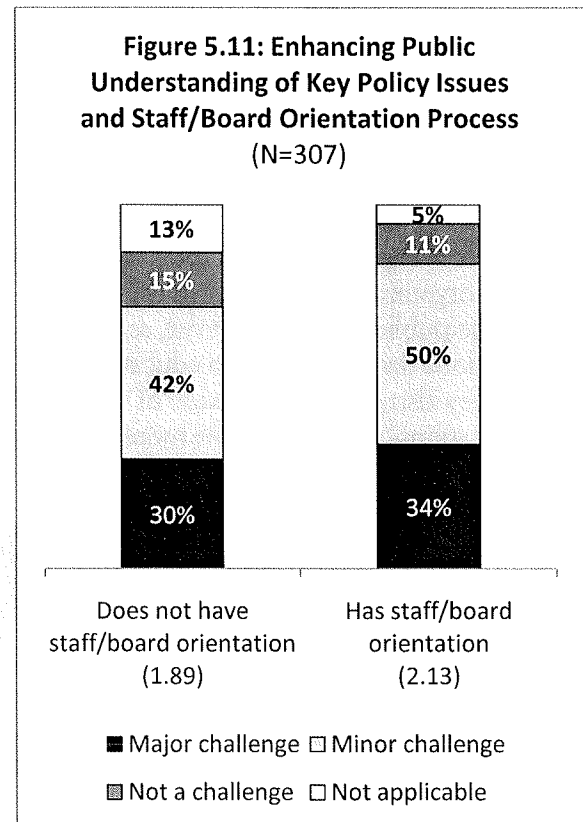
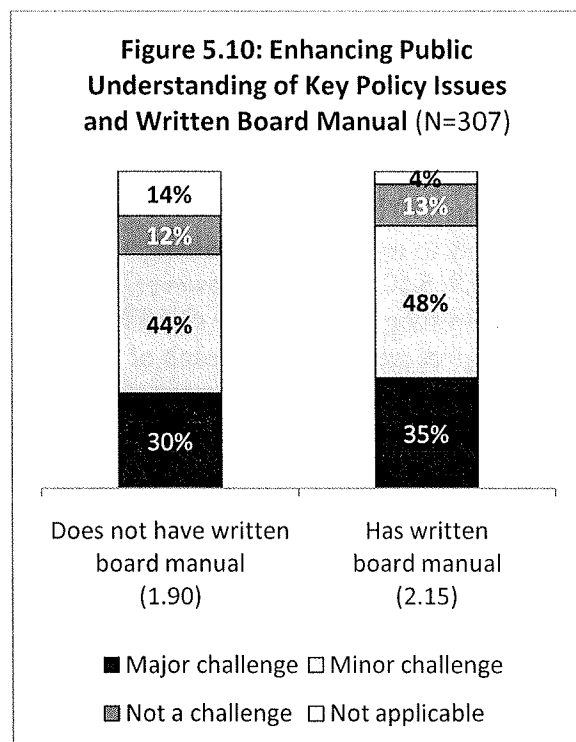
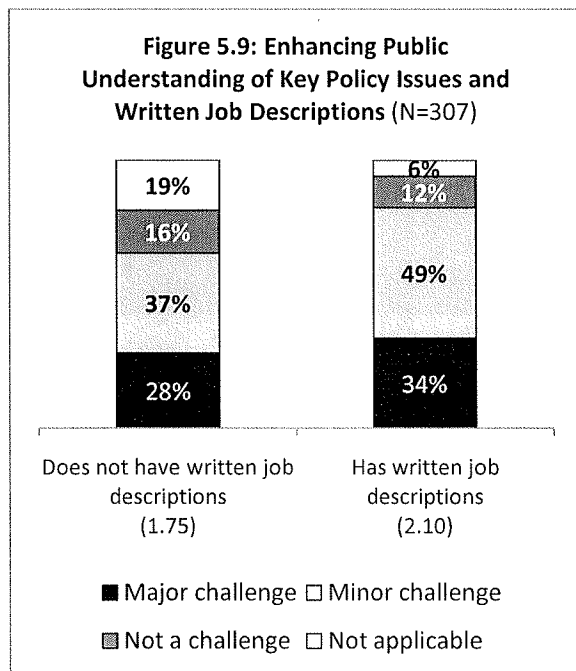
We also find similar results related to the development or update of a strategic plan. We view undertaking strategic planning as a proxy for organizational capacity and sophistication. Although Figure 5.8 suggests that possession of a strategic plan is associated with more challenges enhancing the public's understanding, there may be more complexity behind this finding. As was the case with IT tools, simply having the component does not guarantee sufficient human or financial resources to do the work effectively. Developing a strategic plan is a decision-making tool. Therefore, after an organization

identifies its priorities, such as policy education, it will recognize the shortcomings that stand in the way of meeting goals, and thus report more challenges.



When we look at activities, policies and procedures surrounding staff and board development, we find that several are associated with challenges enhancing the public's understanding of key issues, but not in a straightforward way. Organizations with written job descriptions and a manual for the Board of Directors, as well as those that conduct a staff/board orientation, appear more likely to report major challenges, see Figures 5.9, 5.10, and 5.11. However, what is more interesting to note is the sizeable percentage of respondents to each of these three questions that answered not applicable — between 13 and 19 percent, which means that neither having the these specific components nor trying to enhance the public's understanding applies to them. We speculate that these organization are mostly volunteer run or still in nascent stages of development, and thus unable to engage in policy outreach and education because they have more pressing operations and governance challenges to address. Further, it

is not that having these components makes it harder to enhance the public's understanding. Instead, organizations with such tools may be more aware of and likely to report challenges, or may be occupied with managing the tools rather than these more external challenges.

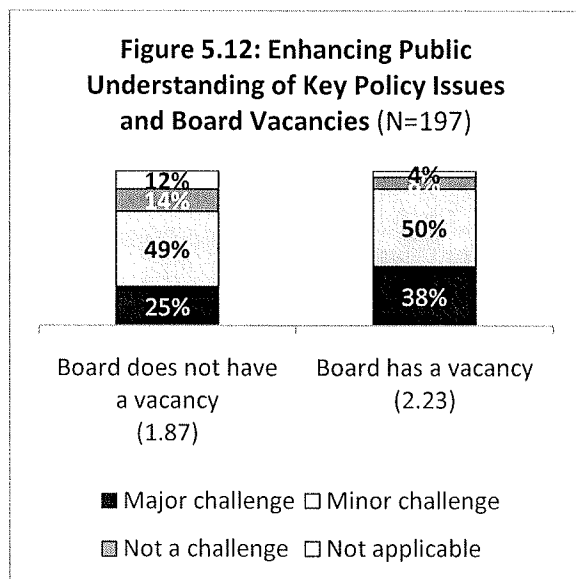


Vacancies on an organization's Board of Directors is also associated with the likelihood of reporting a major challenge enhancing the public's understanding of key policy issues, see Figure 5.12. The board is often responsible for liaising with the community, which includes articulating the organization's mission and policy position to the public in order to garner support. Consequently, being short on members may complicate the board's fulfillment of its duties, which in turn may make it harder for the organization as whole to increase the public's comprehension of important policy issues. Alternatively, this may be evidence of a "chicken or the egg" cause and consequence dilemma. Organizations with more major challenges may find it difficult to recruit board members.

Organizational Characteristics

Figure 5.13 shows a complex relationship between challenges enhancing the public's understanding of key policy issues and

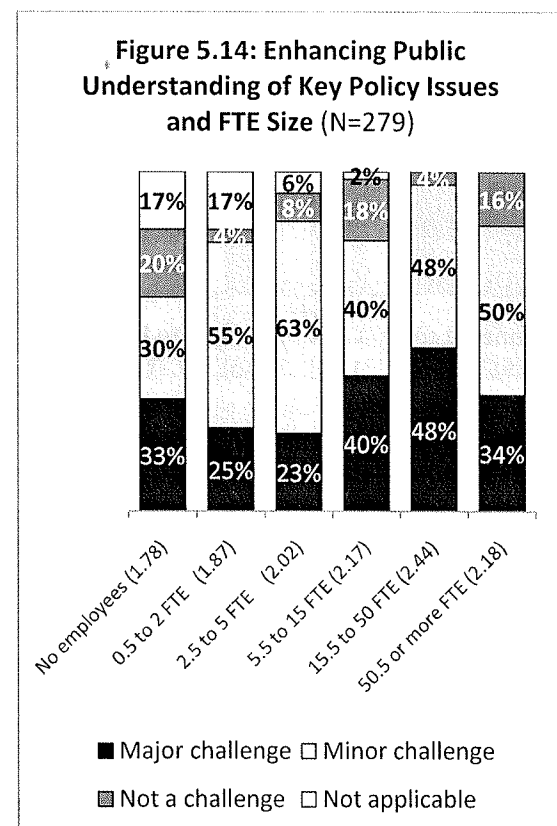
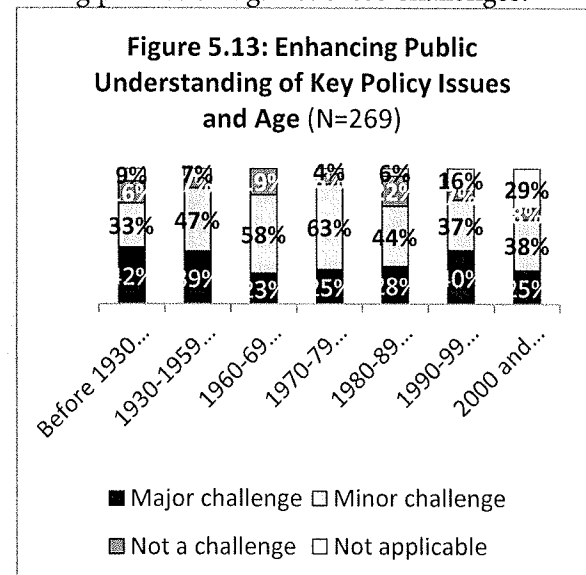
organization age. Providers founded before 1959 or from 1990-99 appear more likely to report a major challenge than those founded during the 1960s, 70s, and since 2000. Moreover, the two youngest cohorts (those founded after 1990) are most likely to say this challenge does not apply to them. Clearly, greater age does not by itself increase organizations' abilities to manage this type of challenge.



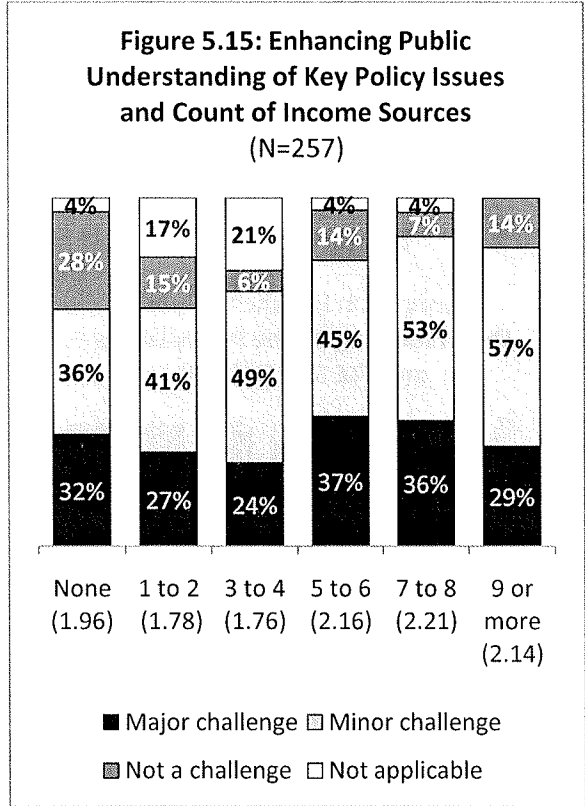
Similarly, as Figure 5.14 shows, there is no clear cut relationship with size (number of employees) except to note that the three largest categories of organizations report the highest average challenge scores (2.17, 2.44, and 2.18). Organizations with zero to two employees also stand out, but mainly because 17 percent say this challenge does not apply to them (perhaps because they have not reached the operating capacity to consider public policy education and outreach). In contrast, we speculate the larger groups actually assign staff to the job of boosting public understanding, and thus they encounter more challenges carrying out this work.

We see the same ambiguous relationship between enhancing the public's understanding of key policy issues and the number of

income sources an organization receives, see Figure 5.15. Respondents that receive five-six, seven-eight, or no income sources are all about as likely to report major challenges. As was the case with age, this variability suggests that the count of income sources, while statistically significant, is not a practically strong protection against these challenges.



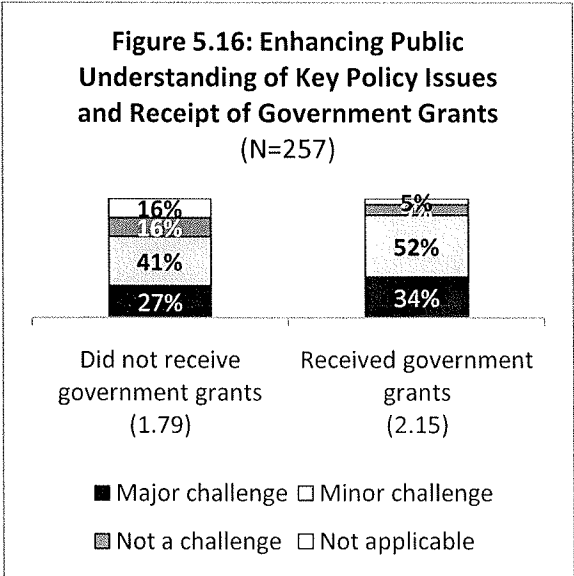
Finally, looking closely at one specific source of revenue, government grants, we find a relationship between receipt of this income type and challenges associated with enhancing the public's understanding of key policy issues. Groups that receive government grants report a higher than average challenge score than those do not (2.15 vs. 1.79), see Figure 5.16. Having financial ties to government could make organizations more cautious in how they approach efforts to enhance public understanding so as to not jeopardize the funding. Additionally, government grants may contain stringent activity restrictions. Therefore, confusion around what is permissible may be the source of the challenges respondents report.



Strengthening Relationships with Key Policy Makers

As seen in Figure 5, the next most pervasive networking and advocacy challenge was strengthening relationships with key policy makers. However, as was the case with

enhancing public understanding of key policy issues, not all arts and culture groups struggle to the same degree with this activity. We find that the extent of challenge is related the type and artistic focus of the organization, changes in demand for services, collaboration, possession of specific information technology tools, certain official documents and operating practices, as well as basic characteristics, such as board turnover and funding profile, but not age, size, or location.

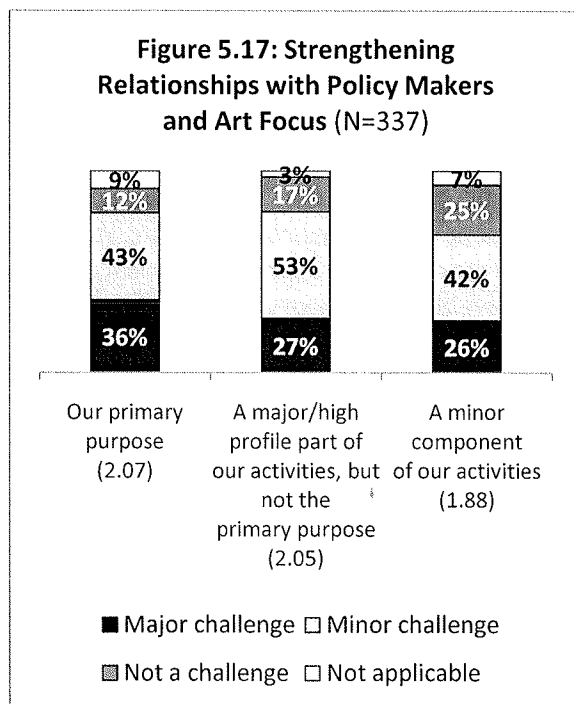


Types of Organizations

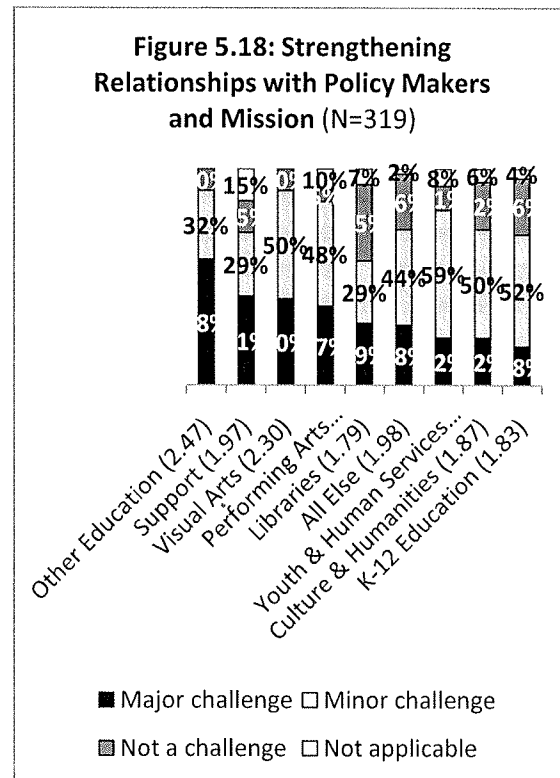
Organizations that focus on arts and culture programs and services report more difficulties strengthening their relationships with key policy makers, see Figure 5.17. For example, 36 percent of organizations whose primary focus is arts/culture report a major challenge strengthening relationships, compared to 27 percent that place a major (not primary) focus on arts/culture and 26 percent with a minor focus. Possibly, the latter organizations see strengthening relationships with key policy makers about their arts and culture programs as less of a priority, and thus less of a challenge, since such programs are not the primary focus of their operations.

When we consider more detailed missions (Figure 5.18), we find that K-12 education,

culture and humanities, and youth and human services organizations are least likely to report a major challenge strengthening their relationships with policy makers. We speculate that K-12 education and human services groups are the organizations for whom arts/culture is at best a minor component. They are also in close and regular contact with policy makers because they either provide public instruction or contract with the government to deliver social services. Thus, these relationships are strong and enduring.



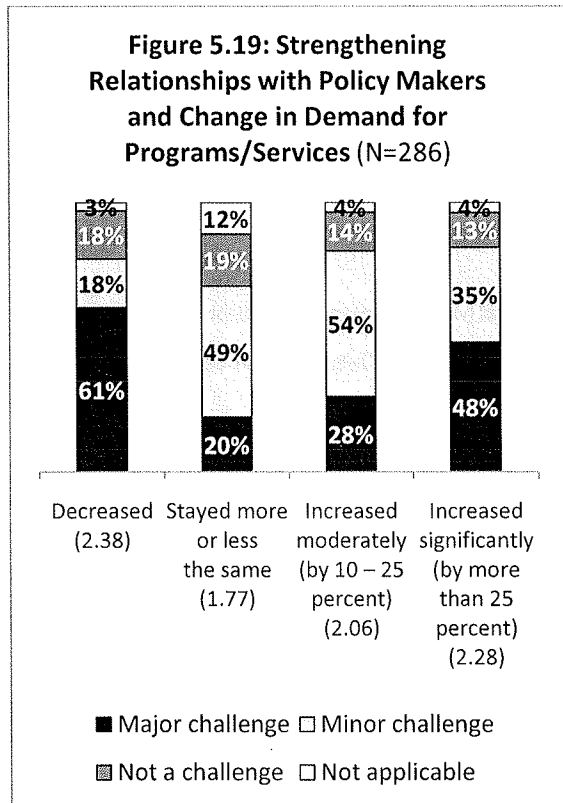
At the other extreme, the organizations that most frequently reporting major challenges are visual arts, arts support, and other education organizations, which includes college/university museums, lecture series, as well as dance, theater, music and art departments. Here too, we see a trend where organizations that generally focus more on arts/culture face more challenges.



Demand for Services

We asked organizations if they experienced any changes in demand for their arts and culture programs and services over the past three years. We find a statistically significant relationship exists between such changes and an organization's difficulty strengthening relationships with key policy makers, see Figure 5.19. While organizations that experienced a decreased in demand were most likely report a major challenge with this activity (61 percent), relatively few (10 percent of the 286 respondents) encountered a decrease. However, the pattern with demand decrease is understandable. Decreasing demand might signify declining organizational relevance to policy makers, and thus complicate the message these organizations need to convey. At the other extreme, almost half (48 percent) of organizations that experienced more than a 25 percent increase in demand reported a major challenge with strengthening relationships with policy makers, compared to 28 and 20 percent, respectively for organizations where demand

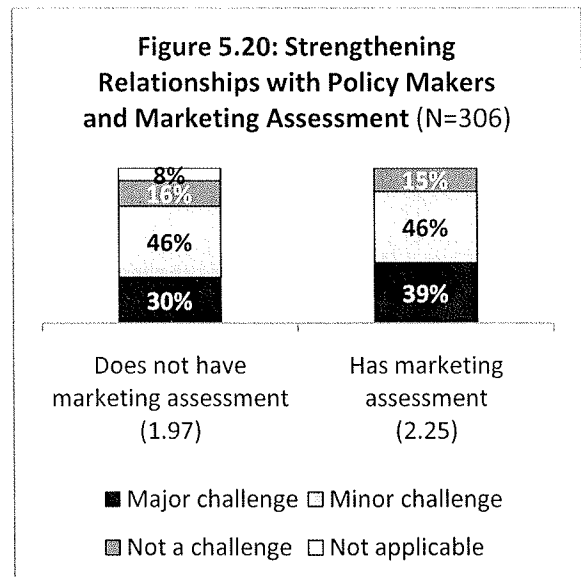
increased moderately or stayed more or less constant. As was the case with enhancing the public's understanding of key policy issues, we suspect that once demand increases above a certain threshold, organizations are so consumed by meeting this excess demand that resources are reallocated away from engaging with policy maker and/or unessential activities halt. Thus, it becomes more challenging to improve relationships.



Activities, Policies, and Procedures

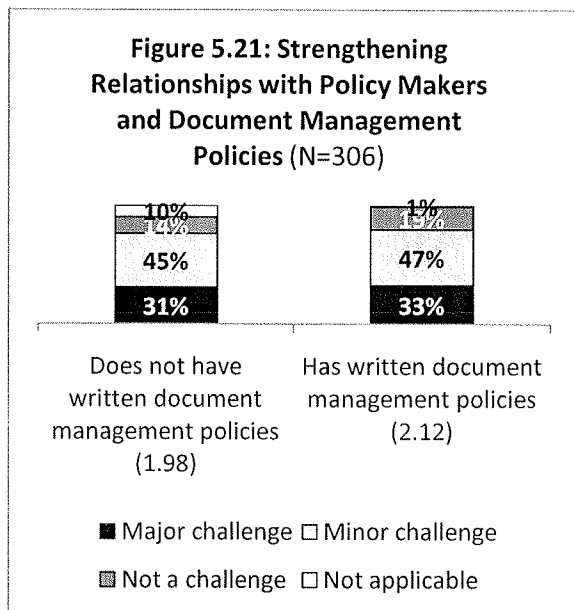
As was the case with enhancing the public's understanding, a variety of activities, policies, and procedures are related to the challenges organizations encountered strengthening relationships with key policy makers. For example and not surprisingly, having a written marketing assessment is related to the prevalence of this challenge, see Figure 5.20. Just under one-quarter of responding organizations (22 percent) report that they have a written marketing assessment (updated or developed within the past two years).

Organizations with such a written document are more likely to report a major challenge, compared to those that have not developed an assessment (39 percent vs. 30 percent). Additionally, 8 percent of respondents without an assessment indicated that strengthening relationships with policy makers was not applicable to them, hence they report fewer challenges because they carry out this activity less often. While one would expect developing a marketing plan and/or assessing the current marketing strategy would help organizations improve their outreach designed to strengthen relationships with policy makers, simply having a written document does not mean that best practices have been implemented or that the organizations have adequate staff expertise or other resources to liaise with policy makers. The marketing assessment process may also formally make groups more aware of their limitations, and thus drive them to report more challenges.



We see a similar pattern with the development of some additional documents and operating procedures. Organizations that have a written policy for managing important documents and records, have written job descriptions, and carry out staff/board orientation, tend to be slightly more likely to report at least a minor challenge strengthening relationships with key

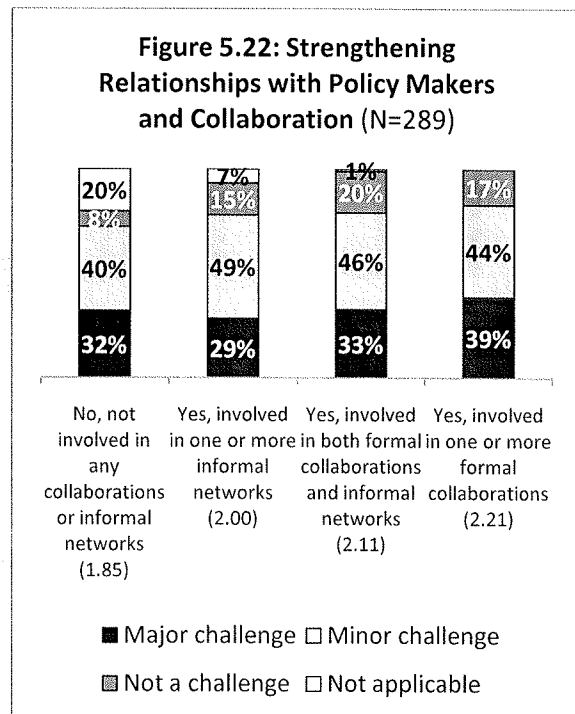
policy makers than groups that do not have these components, see Figure 5.21 for one example. However, the differences are relatively minor. Additionally, in all three instances, between 9 to 13 percent of organizations that do not have the specific component report that strengthening relationships is simply not applicable to them. Therefore, they are less likely to report challenges because they do not perform the activity as often.



We find also that collaboration and networking with other organizations appears to be statistically related to challenges strengthening relationships with key policy makers, see Figure 5.22, but not in a straightforward pattern. Organizations which are involved in multiple formal collaborations are most likely to report major challenges (39 percent), but not dramatically more prone to do so than the other three groups. As has been the case with most of the activities, policies, and procedures discussed in this section, a significant percentage of organizations that don't perform the activity (i.e., collaborate) or possess particular components, report that the strengthening relationships with policy makers does not apply to them. In Figure 5.22 we see that one-

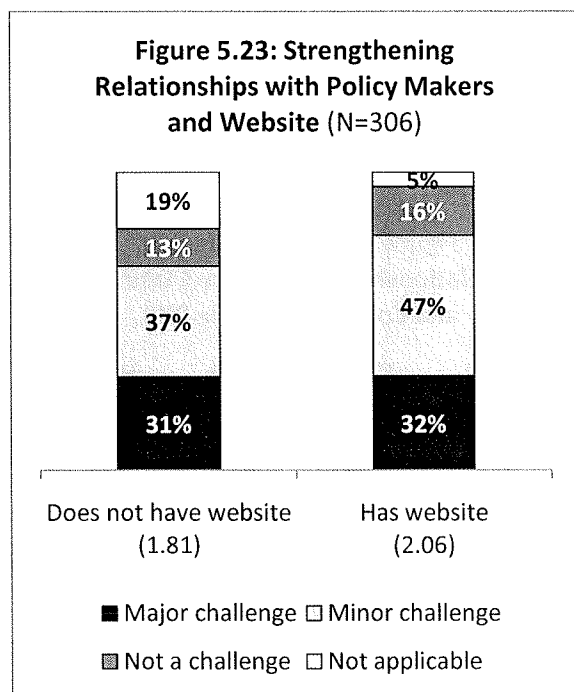
5.22

fifth (20 percent) of non-collaborators said "not applicable." We speculate that these are small, volunteer-run or nascent groups that neither have the capacity or reason to interact with other organizations, nor the need or ability to engage with policy makers, which drives down the percentage reporting major challenges.

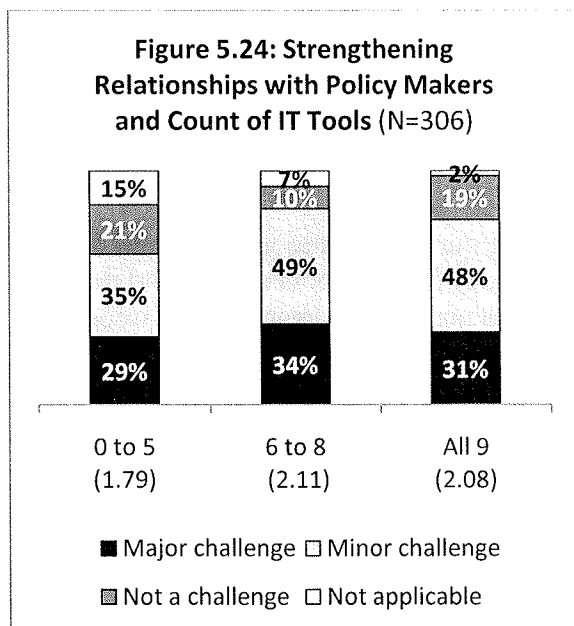
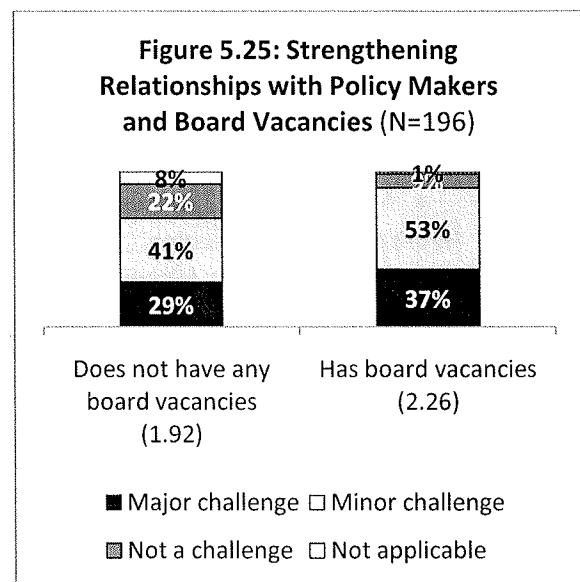


Turning our attention to information technology (IT) components, we find that respondents with an organizational website seem to be slightly more likely to report strengthening relationships with policy makers as at least a minor challenge (79 percent vs. 68 percent), see Figure 5.23. While it might seem counterintuitive that possession rather than lack of a website is associated with more challenges, organizations that actually have websites are likely groups that are more interested in connecting with and/or informing policy makers, and thus encounter more challenges in deciding how to use these types of tools most effectively. This would also explain the 19 percent of organizations without a website that say that this activity is not applicable to them. It should also be

noted that 10 percent of the 306 respondents to this question lack a web site, so this finding may not be robust.



challenge scores (2.11 and 2.08) than groups with 5 or fewer tools (1.79), this is probably because having tools does not guarantee knowledge of how to utilize them effectively in order to strengthen relationships with policy makers. Therefore, challenges persist.

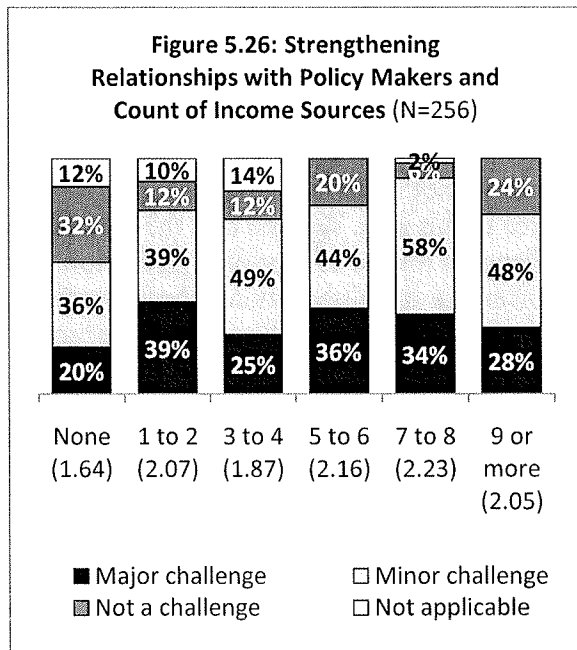


We see similar findings when we look at the total number of IT tools an organization has at its disposal, see Figure 5.24. While we find that groups with 6-8 or all nine tools mentioned in the survey have higher average

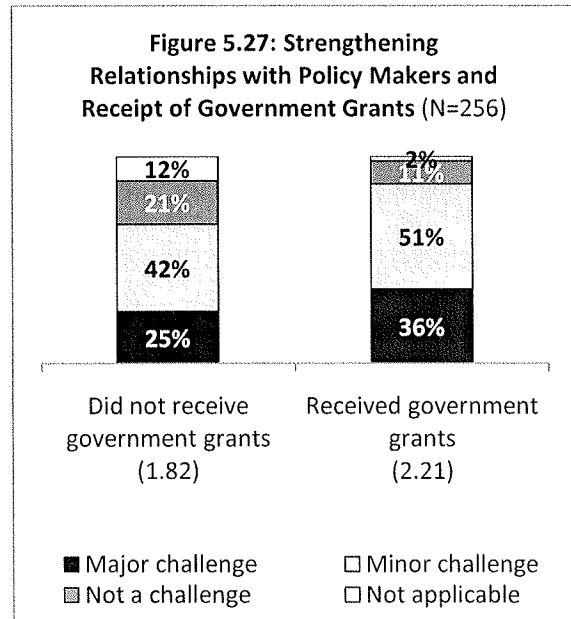
Organizational Characteristics

We find that board turnover may be a relevant factor with regard to challenges strengthening relationships with key policy makers, see Figure 5.25. Organizations that have any level of board vacancies are more likely to report major challenges, and thus have an average challenge score of 2.26, compared to 1.92 for groups with a full board in place. As mentioned under enhancing the public's understanding of key policy issues, members of a nonprofit's Board of Directors often serve as spokespeople, which means they interact with government officials and the local community to build support for the organization. We presume that turnover not only reduces the number of directors available to do public relations work, but also prevents the board from speaking with a unified voice, which in turn makes harder for an organization to foster strong relationships with key policy makers and other stakeholders. Alternatively, if an organization cannot find people to serve as directors the

resulting board vacancies may be indicators of broader fundamental challenges.

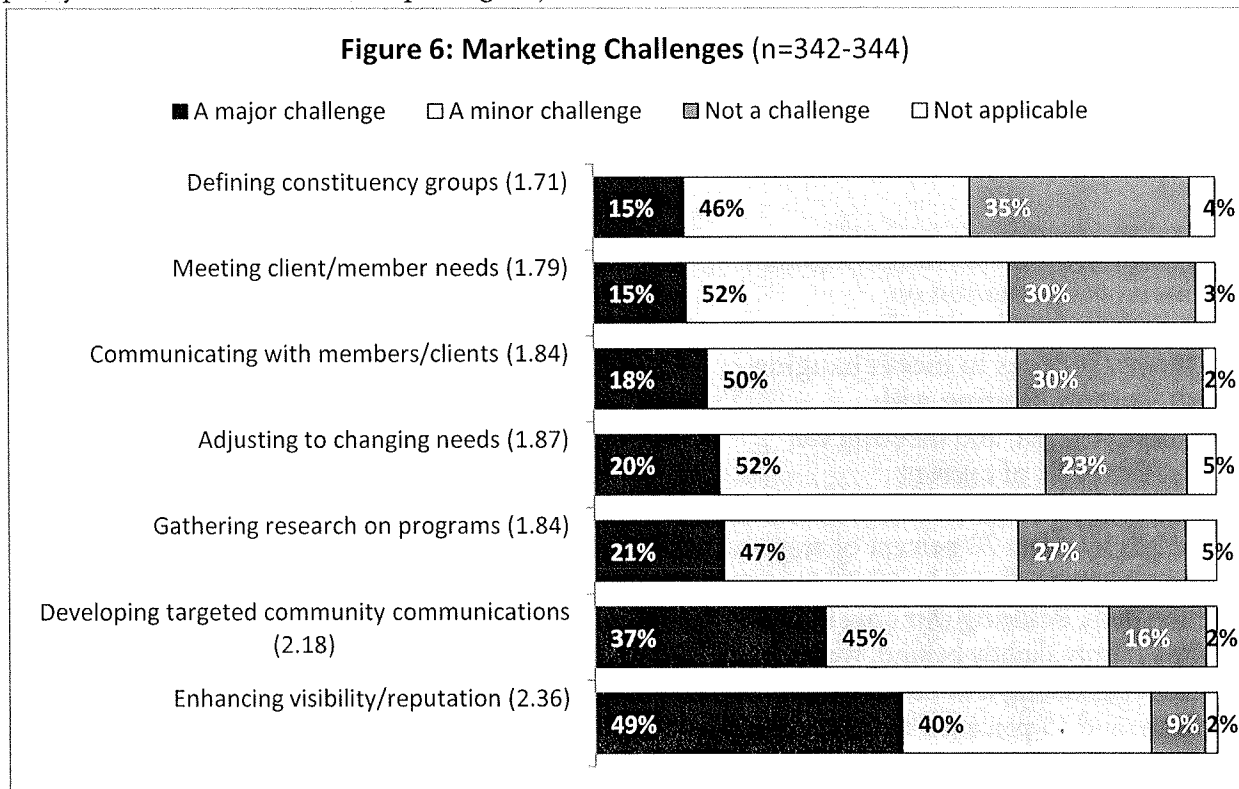


challenges in strengthening relationships with key policy makers varies by the number of income sources an organization receives, but the relationship is not straightforward, see Figure 5.26.



Finally, we turn our attention to respondents' funding profile. As was the case with enhancing the public's understanding of policy issues, the likelihood of reporting major

It is worth noting that one income type in particular, government grants, is related to



strengthening relationships with policy makers just as it was to enhancing the public's understanding of policy issues, see Figure 5.27. Respondents that receive government grants report a higher than average challenge score (2.21) than those that rely on other income sources (1.82). It is likely that receipt of government funding makes organizations more cautious in how they approach efforts to build relationships with government officials and/or grantmakers, since the wrong approach might jeopardize future funding.

3. MARKETING

Marketing activities had the third highest overall challenge score (1.94) out of the seven broad capacity building dimensions. As Figure 6 shows, two marketing components are seen as at least minor challenges by more than 80 percent of respondents: **enhancing the visibility and reputation** of the organization's arts and culture activities (viewed as a major challenge by almost half, 49 percent) and **developing targeted communications to the community** (viewed as a major challenge by more than a third, 37 percent). Out of all the challenges considered in this study, organizations ranked enhancing visibility and developing targeted communication to the community as 7th and 8th place, respectively (reference figure later in report).

Four other items in this category, **gathering research or information on programs/services**, **adjusting programs/services to meet changing needs**, **communicating with members/clients**, and **meeting the needs/interests of current member/clients**, are seen as at least minor challenges by about 70 percent of respondents and as a major challenge by 15-21 percent. The last item, **defining our constituency groups** is only slightly behind, with 61 percent considering it at least a minor challenge and 15 percent a major challenge.

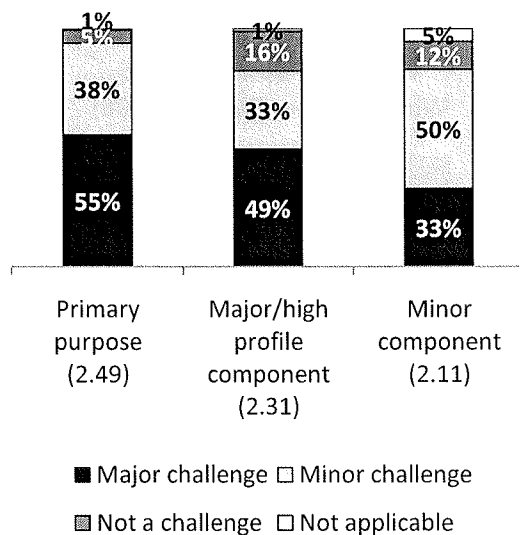
Enhancing the Visibility/Reputation of Your Organization's Arts and Culture Activities

As noted above, more than 80 percent of respondents identified enhancing their organization's visibility and reputation as at least a minor challenge (n=342-344). However, not all groups struggle to the same degree in this area. We find that the ^{extent} of challenge is related to type of organization, involvement in collaborations, some types of organizational activities, funding profile, and location (see the Regional Comparison section), but not demand for services or other basic characteristics, such as age or size.

Types of Organizations

We find that organizational focus has a statistically significant impact on the level of visibility challenge reported, see Figure 6.1. Organizations where the arts are either a primary or major component of a respondent's programming experience greater challenges than those where the arts are only a minor component of their activities (average challenge scores of 2.49 and 2.31, compared to 2.11).

Figure 6.1: Enhancing Visibility/Reputation and Art Focus (N=343)

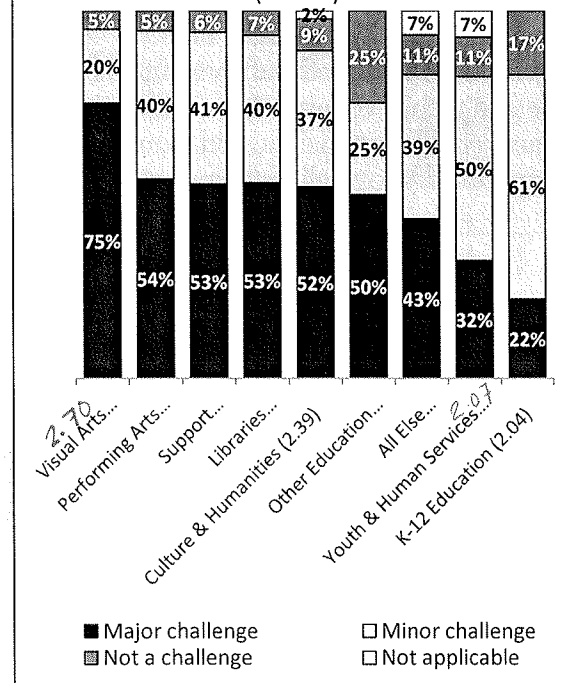


Similarly, respondents experience significantly different levels of visibility challenge depending on their mission. Thus visual arts organizations appear to experience more sizeable challenges (2.70) compared to the overall average (2.36), while K-12 educational institutions (2.04) and youth and human service organizations (2.07) experience the lowest challenge levels, see Figure 6.2. This does not necessarily mean that educational organizations do not struggle to enhance their reputations, but perhaps they are more concerned with how the public views overall student achievement outcomes than the reputation of their arts programs. We speculate that visual arts groups, especially small museums or exhibition spaces, cannot afford to host highly visible, traveling exhibitions and may focus on building robust permanent collections. Thus, they may not change displays as frequently as theaters, musical groups and dance troupes that rotate performances. If true, visual arts organizations may find it harder to maintain the visibility of long-lasting or permanent exhibits and/or attract repeat visitors.

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Figure 6.2: Enhancing Visibility/Reputation and Mission (N=324)



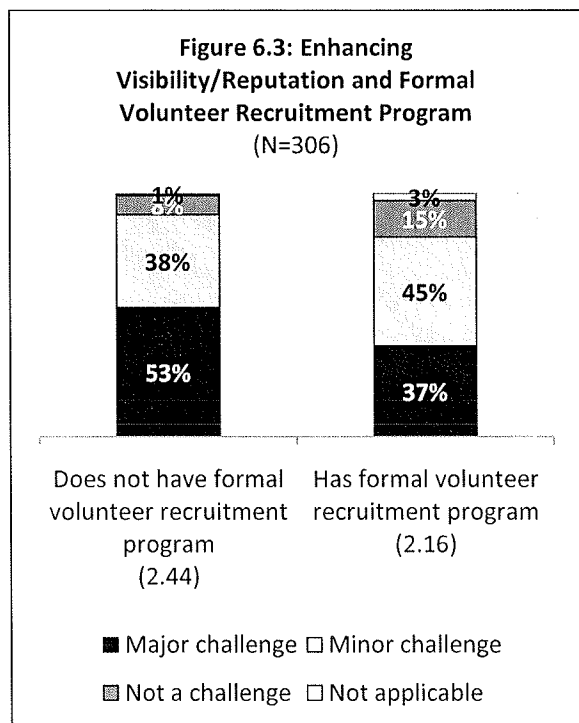
Changes in demand for programs and services
Changes in demands for services and programs over the past three years have no relationship with the challenges arts and culture providers face in enhancing their visibility.

Activities, Policies, and Procedures

We find that interactions with other organizations are related to challenges enhancing the organization's visibility. Almost nine in ten (86 percent) survey respondents reported involvement in collaborations and network relationships (n=293). Of those involved, 85 percent said that collaboration makes enhancing organizational visibility easier. However, organizations involved in collaborative efforts are about as likely to report challenges in enhancing organizational visibility as those not involved in such efforts.

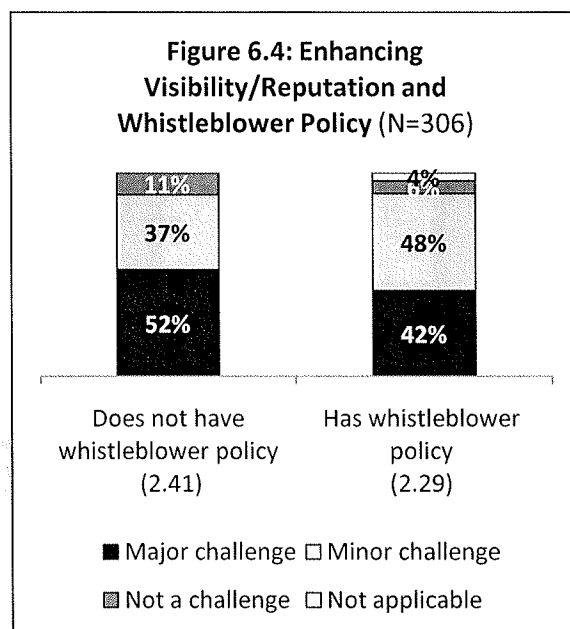
Engagement with prospective volunteers is also associated with visibility and reputation challenges see Figure 6.3. Respondents that

do not conduct a formal volunteer recruitment program experience higher than average challenge scores (2.44), compared to the organizations with formal recruitment activities (2.16). We speculate that organizations that send staff/volunteers to table and recruit volunteers at community events benefit from heightened name recognition and overall visibility.



Surprisingly, possession of certain information technology tools, which respondents might use in promotion and outreach activities, made little difference to their level of visibility challenges. Neither computers for key staff and volunteers, broadband internet access, a web site, or an organizational email address are related to enhancing an organization's visibility and reputation. Similarly, developing or updating a written strategic plan, program outcome evaluation, or marketing assessment in the past two years does not seem to impact visibility challenges. However, organizations with a written whistle-blower policy are less likely to report major challenges enhancing their visibility/ reputation, see Figure 6.4. More than half (52 percent) of the

respondents without a whistleblower policy report major challenges, compared to only 42 percent of groups with such a policy in place.

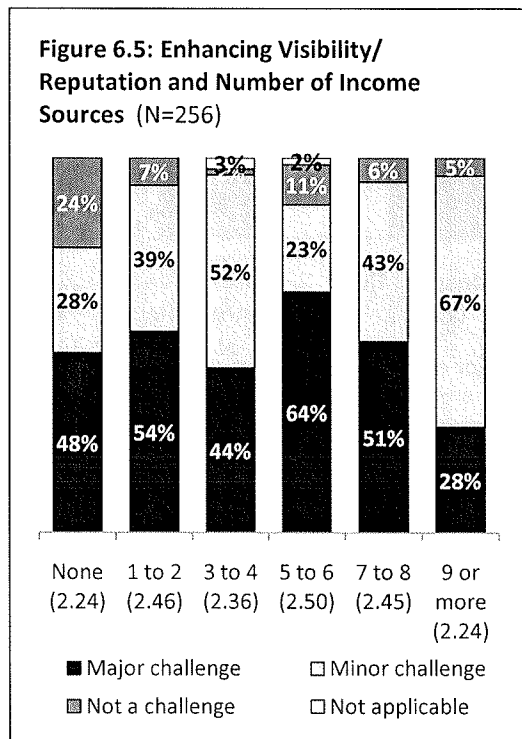


Following the passage of the Sarbanes-Oxley Act of 2002, which contains some regulations that apply to nonprofit as well as for-profit corporations, many organizations adopted whistle-blower policies to protect workers that expose or raise concerns about ethical violations. We speculate that a whistle-blower protection policy is mechanism through which organizations address and/or try to resolve staff grievances and ethical lapses before the issue becomes public and dampens the group's reputation.

Organizational Characteristics

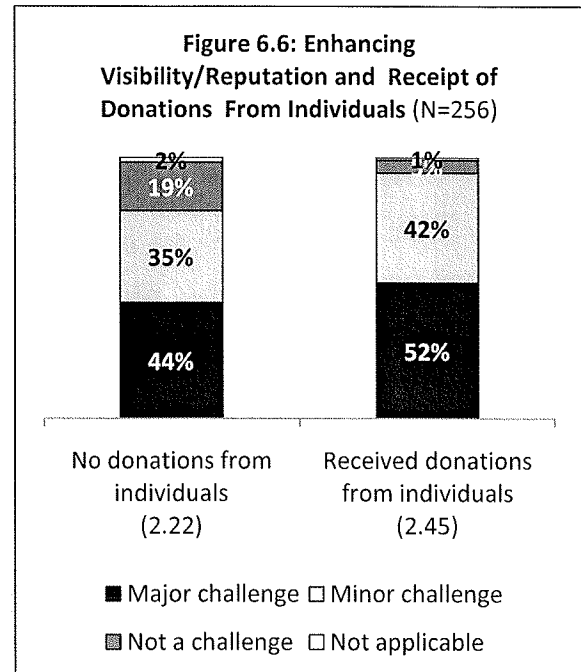
We find that that an organization's funding profile is also associated with challenges enhancing visibility/ reputation. However, the relationship is not entirely straightforward. Organizations with the most diversified funding streams (9 or more income sources) are least likely to report major challenges with this activity (28 percent), but most likely to report at least a minor challenge (95 percent), see Figure 6.5. We speculate that these groups have the resources to devote to boosting their

image and name recognition, and are thus driven to report minor challenges simply because of their involvement in this activity.

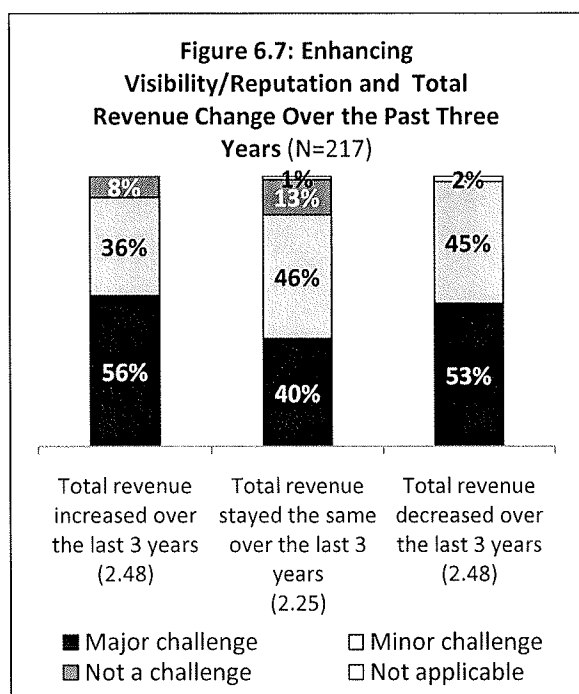


Additionally, organizations in the midrange (5-6 income sources) are most likely to report a major challenge enhancing their visibility/reputation. Possibly, these groups may have financial resources but not enough staff expertise to raise public awareness and opinions. Thus, the challenges they encounter are great.

Looking more closely at one type of income, donations from individuals, we see that respondents that receive this funding source experience higher average challenges scores (2.45), compared to groups that do not receive individual contributions (2.22), see Figure 6.6. We speculate that soliciting and accepting individual gifts expands the pool of stakeholders to whom an organization is accountable, which puts more pressure on an organization to maintain a strong reputation and certain level of visibility.



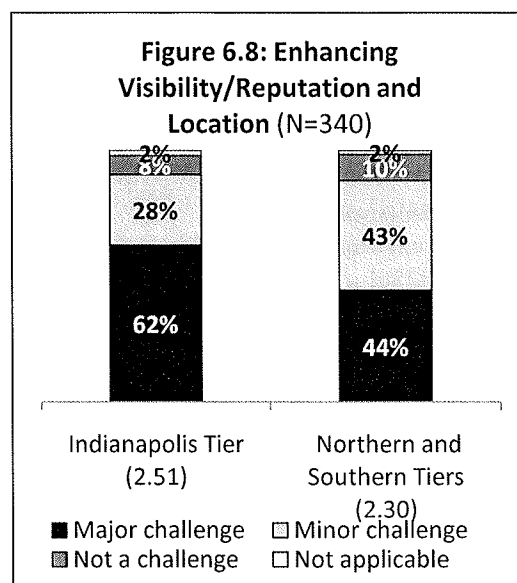
We also find that overarching revenue trends are related to visibility/reputation challenges. As Figure 6.7 shows, respondents that experienced either revenue growth or loss over the past three years were almost equally likely to report a major challenge (56 percent vs. 53 percent). They also face a higher average challenge score (2.48), compared to organizations where revenue remained constant (2.25). This suggests that the amount and direction of growth is less meaningful than the fact that a change occurred.



None of the other dimensions we considered — age, size (total revenues or FTEs), or use of an endowment — seem to be related to the level of challenge reported in enhancing the visibility of an organization or its or reputation.

Developing Targeted Communications to the Community

Developing targeted communications to the community was the second most challenging marketing activity. As noted ^{previously} above, more than one-third (37 percent) of respondents identified it as a major challenge, while 46 percent said it was a minor challenge. More detailed analysis shows that the ~~extent of~~ ^{extent} challenge is related to type of organization. We find that the extent of challenge is related to whether an organization is nonprofit or governmental, mission, some types of organizational activities and IT components, and board vacancies, but not demand for services, involvement in collaborations, or other basic characteristics, such as age, size or location.

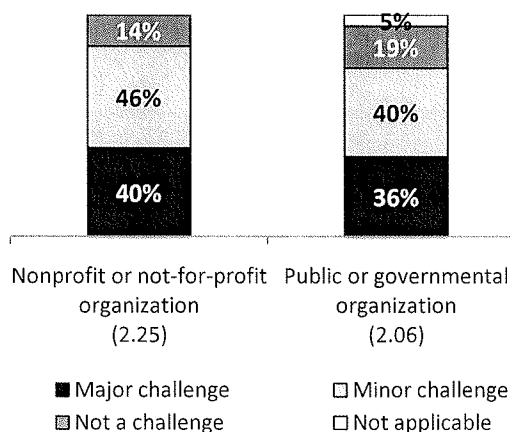


Types of Organizations

Challenges developing targeted communications seem to be somewhat more prevalent in nonprofit sector groups than their public sector counterparts, with 86 percent reporting this to be at least a minor challenge, compared to 76 percent of public agencies, see Figure 6.9

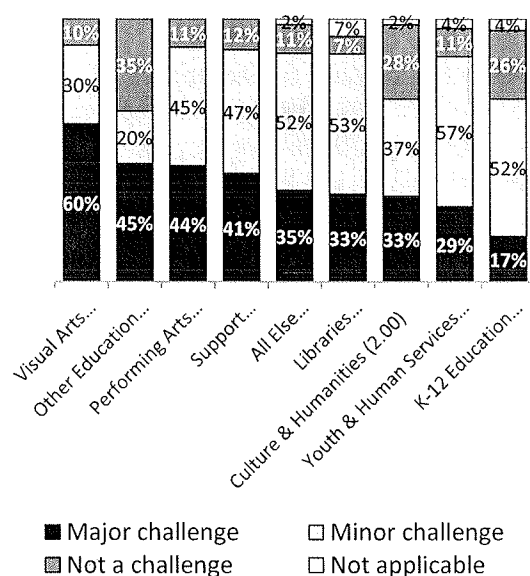
More detailed analysis shows that more than half (60 percent) of visual arts organizations appear to face more significant challenges developing targeted communications to the community compared to only 17 percent of K-12 education institutions, see Figure 6.10. The low level of challenges for K-12 education organizations is perhaps not surprising since schools are preoccupied with curriculum development, instruction, budget constraints, etc., rather than arts and culture programming. In addition, most schools have established methods for communicating with their students and parents. Although these constituencies are different from the community at large, school administrators may feel their targeted messages spill over to the general public through these pre-existing channels, or that there is no need to develop separate arts communications aimed at the broader community.

Figure 6.9: Developing Targeted Communications and Sector Type (N=279)



than average challenge score of 2.18 compared to organizations without a website with a score of 2.44 — a small but a statistically significant difference. This is because organizations without a website more frequently report major challenges with targeted communication development, see Figure 6.11. However, possession of most other information technology tools, including computers for key staff/volunteers, Broadband internet access, and an email address for the organization had no relationship to challenges developing targeted communications.

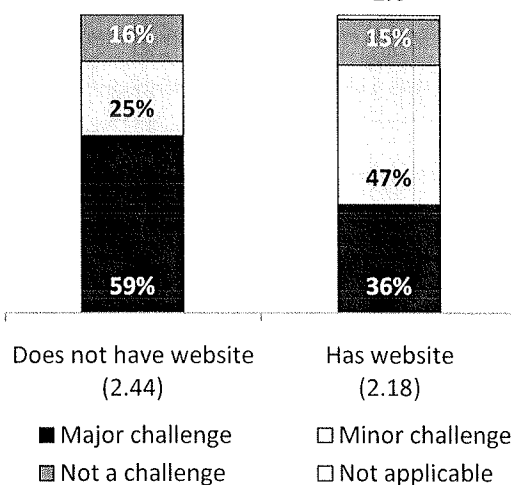
Figure 6.10: Developing Targeted Communications and Mission (N=325)



Changes in demand for programs and services
Changes in demands for services and programs over the past three years have no relationship with the challenges arts and culture providers face in developing targeted communications to the community.

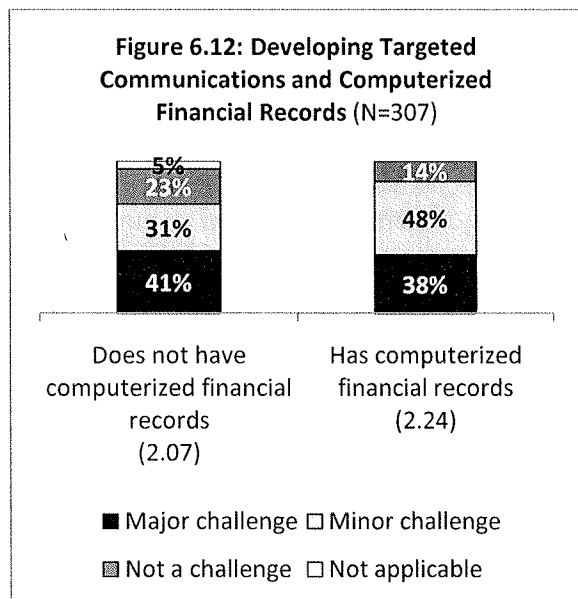
Activities, Policies, and Procedures
When it comes to the challenge of developing targeted communications to the community, organizations with a website have a lower

Figure 6.11: Developing Targeted Communications and Website (N=307)

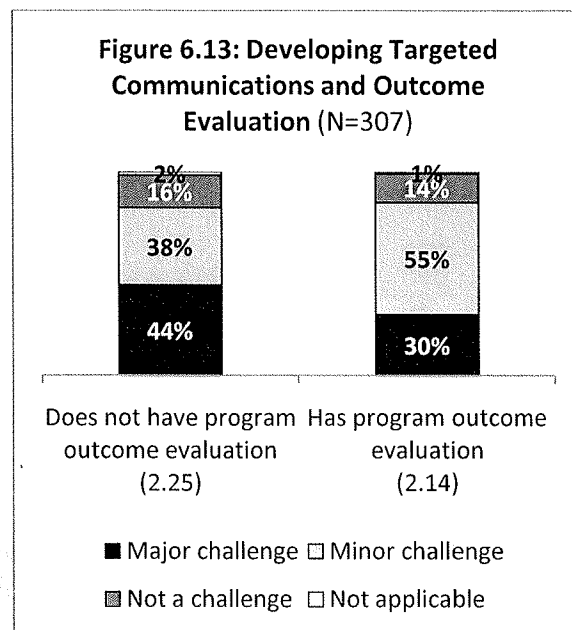


One interesting exception is computerized financial records, which may be especially useful if organizations are developing fundraising solicitations. Respondents that do not have access to electronic financials are only somewhat more likely to report a major challenge (41 percent) than groups with such records (38 percent), see Figure 6.12. Yet, groups that have computerized records are more likely to report at least a minor challenge developing targeted communications. We speculate that the records are a proxy for organizational sophistication. Therefore, the groups with computerized records actually

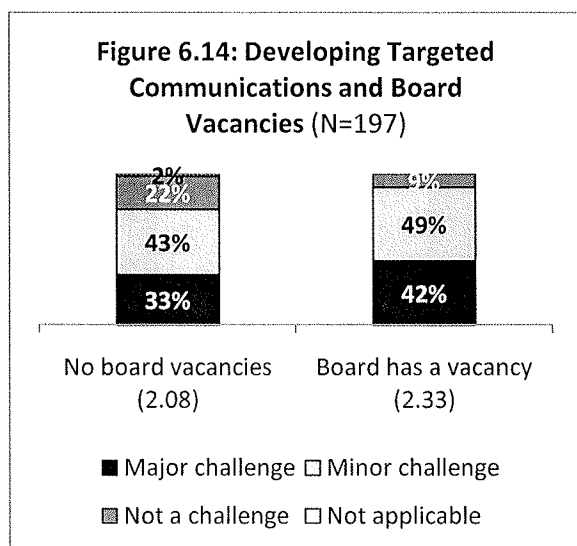
have more capacity to develop communications pieces, and thus they encounter challenges — albeit mostly minor ones — carrying out this work.



Unexpectedly, whether or not an organization completed or updated a strategic plan or a marketing assessment within the past two years has no relationship to finding development of targeted communications to be a challenge. In theory, a strategic plan and marketing assessment should help an organization develop an overall communications strategy, including specific messages to communicate to target constituencies. Although, we find that completion of a program evaluation within the past two years does seem to be associated with fewer challenges developing targeted communications to the community, see, Figure 6.13. Only 30 percent of organizations with such a document report major challenges, compared to 44 percent of groups that have no undertaken the evaluation process. We speculate that a program evaluation would illustrate the impact of an organization's activities, and thus the results would be useful if an organization wanted to promote its competencies to distinct audiences.



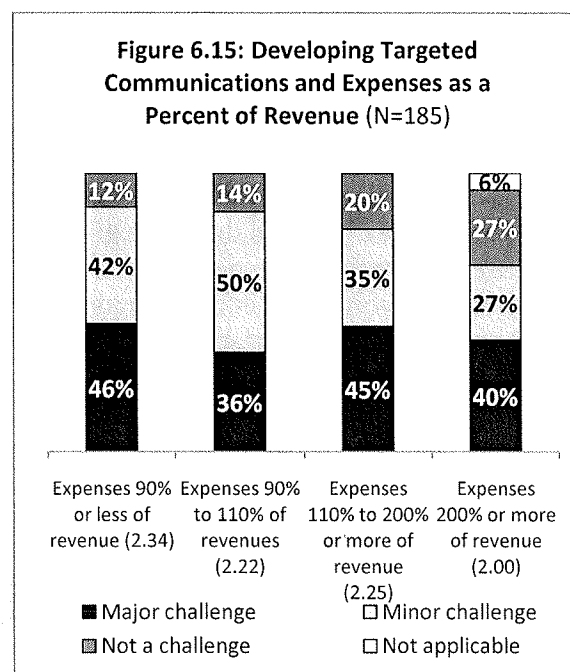
We also find that vacancies on an organization's Board of Directors is associated with the likelihood of reporting a major challenge developing targeted communications, see Figure 6.14. Respondents with any number of vacancies experience a higher average challenge score (2.33), compared to groups with full boards (2.08). The board is often responsible for liaising with the community, which includes articulating the organization's mission and policy position to the public in order to garner support. Consequently, being short on members may complicate the board's fulfillment of its duties, which in turn may make it harder for the organization as a whole to communicate with the public. Alternatively, this may be evidence of a "chicken or the egg" cause and consequence dilemma. Organizations with more major challenges may find it difficult to recruit board members.



Organizational Characteristics

The extent of annual surplus or deficit appears to be related to communications challenges. Although, we'd typically expect groups that run a deficit to have a harder time and fewer resources to allocate to developing targeted communications, Figure 6.15 suggests the opposite. The frequency of organizations reporting "not a challenge" for this activity increases as organizational expenses reach and increasingly exceed revenue. However, this finding comprises all survey respondents. Different types of organizations may be more or less likely to run a deficit, thus, it is important to bear in mind that mission, sector or artistic focus may have more of an impact.

None of the other dimensions we considered – age, size (total revenues or FTEs), location, use of an endowment, or involvement in collaborations seem to be related to the level of challenge reported in developing targeted communications to the community.



4. PROGRAMS AND PLANNING

Figure 7 shows challenges related to programs and planning. The most pervasive challenge is associated with **attracting new members or clients**, which is considered a major challenge by 44 percent and at least a minor challenge by 83 percent. Arguably, this could also be considered under the marketing category, in which case it would approximate challenges associated with enhancing the visibility and reputation of the organization's arts and culture activities (see Figure 6). Two other activities are considered major challenges by a quarter and minor challenges by another 51 percent: **evaluating or assessing program outcomes or impacts** and **assessing community needs**. **Delivering high quality programs/services** is considered at least a minor challenge by 58 percent but a major challenge by only 18 percent. Finally, only 10 percent viewed **focusing on the mission and vision** to be a major challenge, although it was considered at least a minor challenge by almost half. Here we focus on the three most severe challenges in this category.

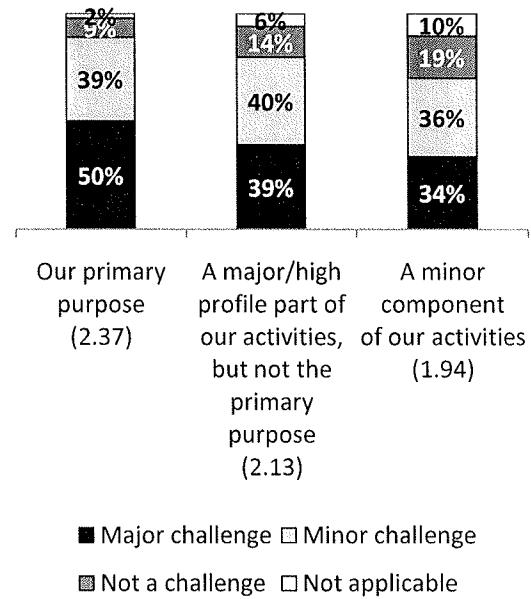
Attracting New Members or Clients

As noted above, more than 80 percent of respondents identified attracting new members or clients as at least a minor challenge (n=342-344). However, not all types of arts and culture groups struggle to the same degree in this area. We find that the extent of challenge is related to the type of organization, involvement in collaborations, and certain kinds of organizational activities and characteristics, but not demand for services or location.

Types of Organizations

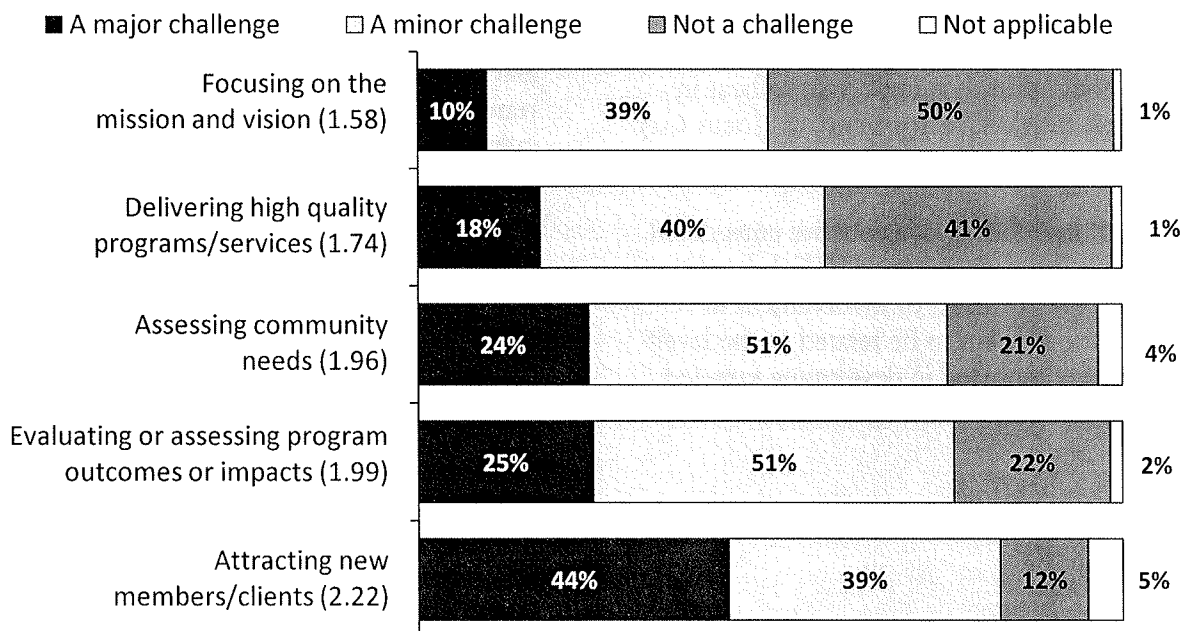
We find that organizational artistic focus is related to the level of challenge respondents report attracting new members/clients, even when controlling for mission and other factors. Half of respondents that indicated arts are their primary purpose reported major challenges, while organizations where arts comprise only a major or minor component of programming report major challenges less often, see Figure 7-1.

Figure 7-1: Attracting New Members/Clients and Art Focus (N=344)



Looking more closely at specific types of organizations, we also find that organizational

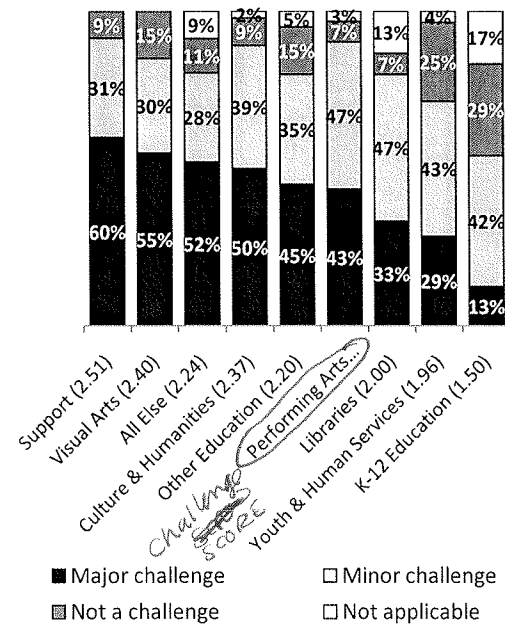
Figure 7: Programs and Planning Challenges (n=342-344)





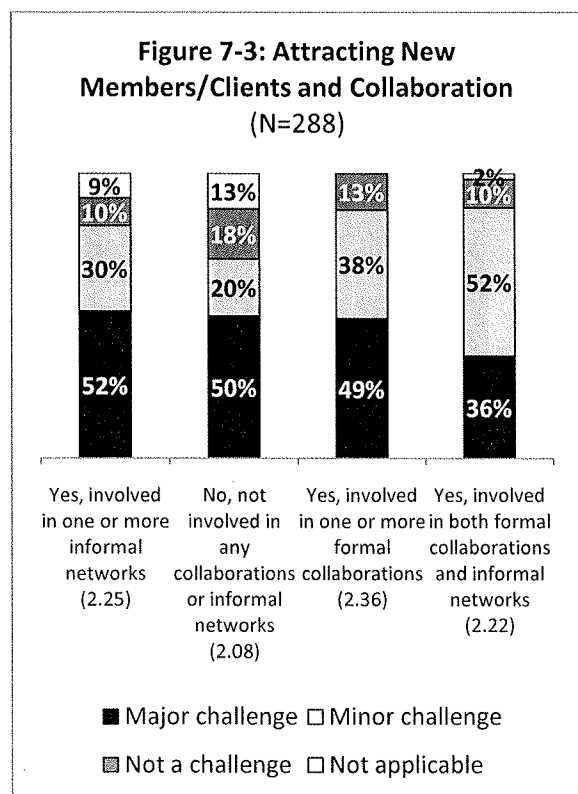
mission has a statistically significant impact on the level of challenge reported attracting new member/clients, see Figure 7-2. Although the average challenge score for all respondents was 2.22, supporting (2.51), visual arts (2.40), and culture and humanities organizations (2.37) experienced higher than average challenge levels. In contrast, K-12 educational institutions and libraries, not surprisingly because of their fairly stable client base, reported considerably lower than average challenge scores — 1.50 and 2.00, respectively. Related to this, organizations such as youth and human services groups, which provide arts activities among many program offerings, also face less of a challenge attracting new constituents (1.96). We speculate that the lower scores for libraries, youth and human services, and K-12 education groups may be because these organizations may be able to use their other programs to recruit participants to their arts and culture programs. Or, they may simply underreport their true challenge because arts and culture programs are less critical to achieving the overall mission of the organization.

Figure 7-2: Attracting New Members/Clients and Mission (n=326)



Demand for Services

We asked survey respondents to consider if demands for their organizations' services or programs changed over the last three years. We found no relationship between such changes and the level of challenges they reported attracting new members or clients.

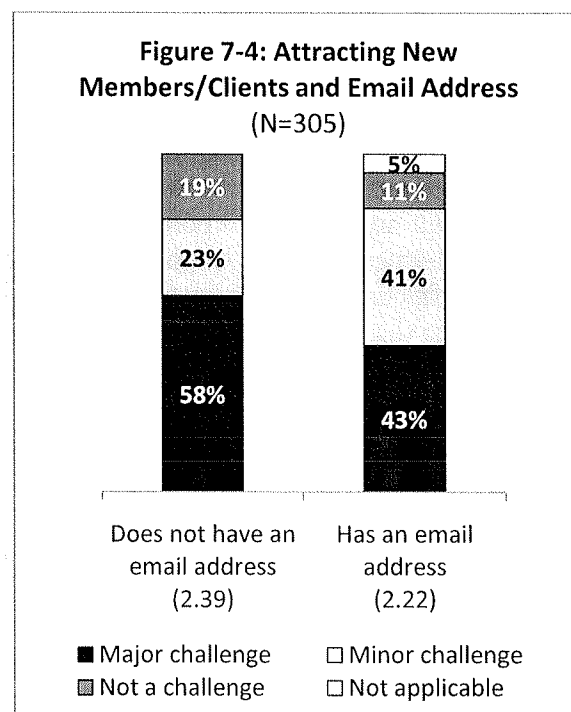


Activities, Policies, and Procedures

As mentioned previously in this report, almost nine in ten (86 percent) survey respondents reported involvement in collaborations and network relationships (n=293). We find that involvement has a significant impact on challenges attracting new members/clients. Organizations that only participate in one type of collaboration, such as formal or informal networks, or do not get involved in any networks are more likely to report major challenges attracting new members/clients than their peer groups that join a combination of informal and formal networks, see Figure 7-3. However, only 70 percent of organizations that do not collaborate say it is at least a major challenge to attract new members/clients, compared to upwards of 82 percent of organizations involved in any type of collaboration.

Possession of certain information technology tools, which respondents may use to attract new members/clients, also appears to be related to the challenge level they report. Thus

those with an organizational email address seem to be less likely to report this to be a major challenge than those without an email address (58 percent vs. 43 percent), see Figure 7-4. However, less than 10 percent of the 305 respondents to this question lack email addresses, so this is at best only a contributing factor.

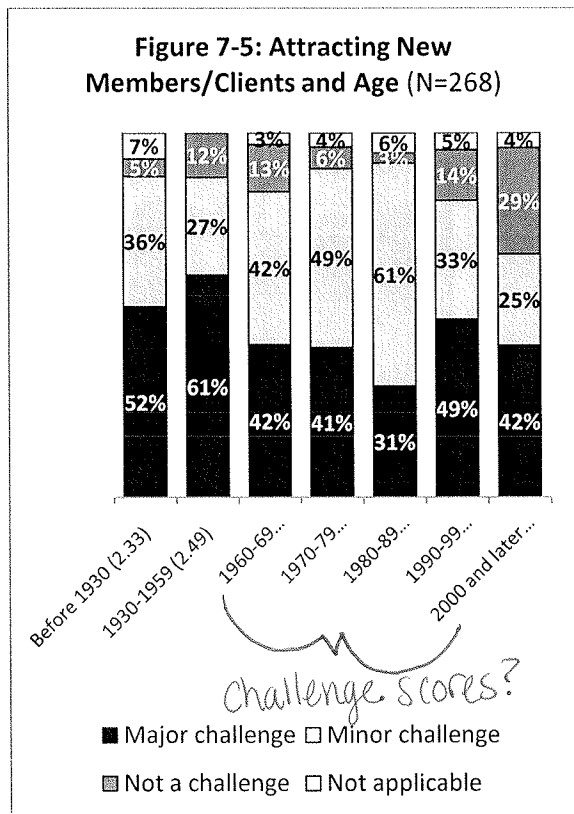


Unexpectedly, having a website for the organization makes little difference to respondents' challenge level. In addition, whether or not the organization developed or updated a marketing assessment or program evaluation in the past two years appears to have no impact on the difficulties it might encounter trying to recruit new members/clients. We expected groups that had completed one or both of these assessments to experience fewer challenges, but perhaps some undertook an assessment precisely because they found it difficult to attract new members/clients.

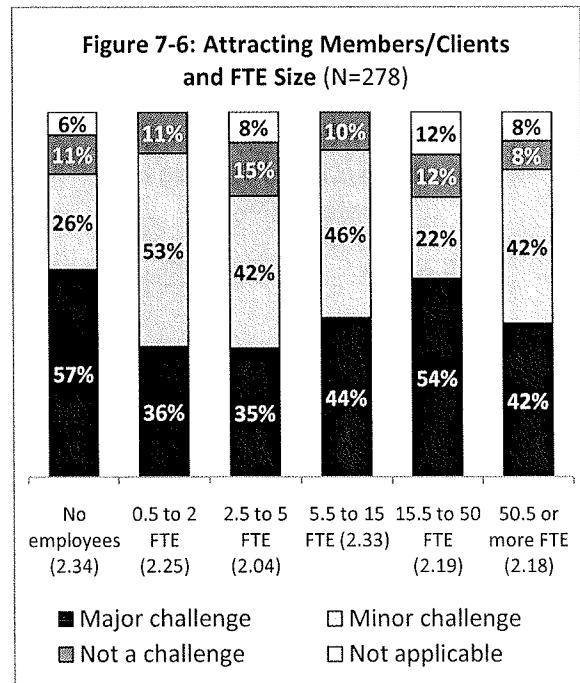
Organizational Characteristics

Although we hypothesized that older organizations would have an easier time

attracting new members/clients because of their long-standing presence in a community, our findings suggest more complex patterns. As Figure 7-5 shows, organizations founded before 1960 and those in the 1990s are more likely to report major challenges with this activity than those established during other periods.



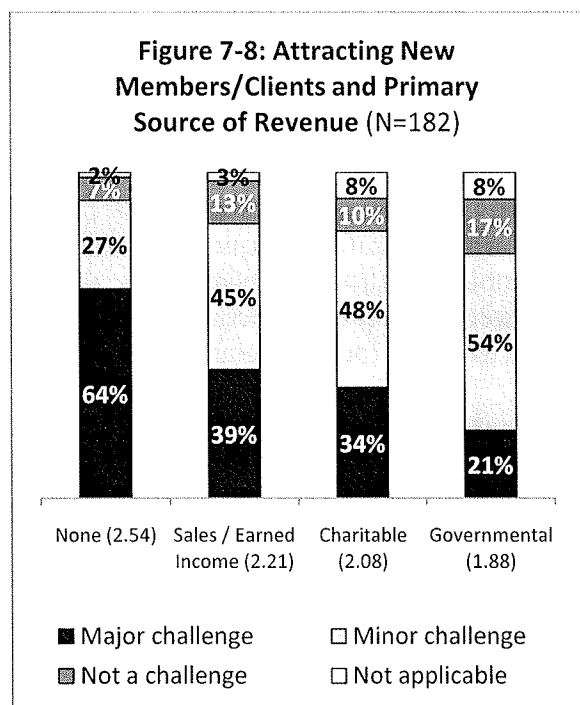
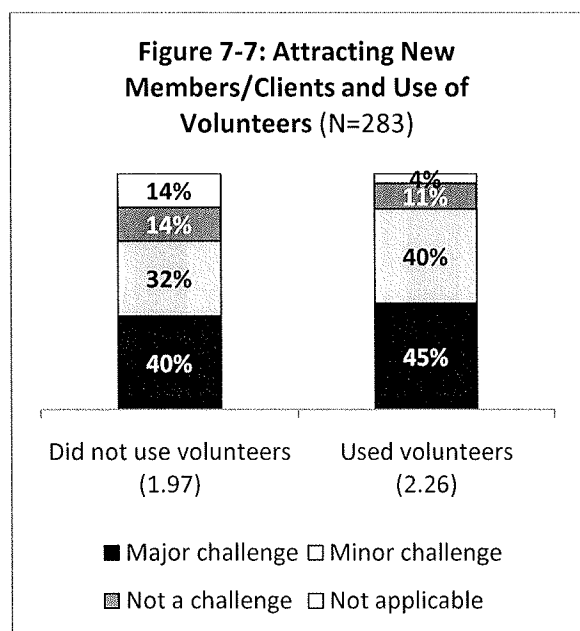
We see a similar pattern with the number of people an organization employs on a full-time basis. Groups that only utilize volunteers (i.e., have no employees), as well as mid-size and large organizations, with 15.5 to 50 and 50.5 or more employees, respectively, seem more likely to experience major challenges attracting new members/clients than organizations which employ only 0.5 to 15 full-time employees, see Figure 7-6.



The average challenge score associated with attracting new members/clients for organizations that used volunteers was 2.26, compared to 1.97 for groups that did not use volunteers, see Figure 7-7. When reviewed in tandem, perhaps one takeaway from Figures 7-6 and 7-7 is that simply using volunteer to complement staff recruitment efforts is not the problem. Rather, sole reliance on volunteers to carry out all activities creates more challenges for an organization.

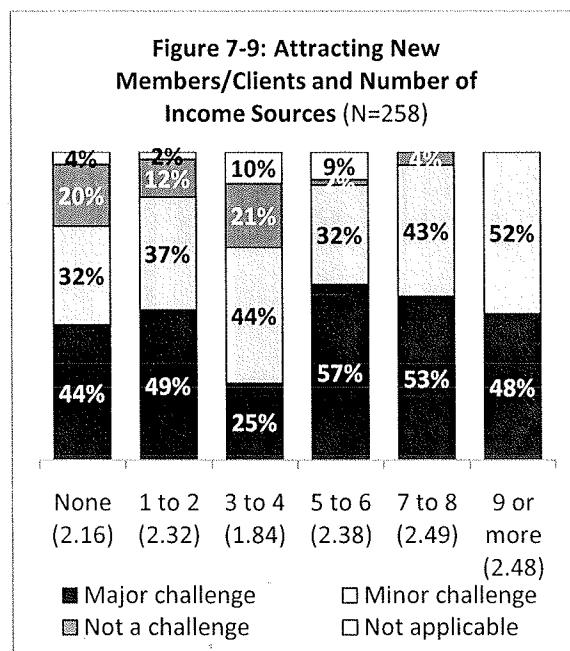
Respondents' primary source of revenue also had a significant impact on the degree of challenge they reported in attracting new members/clients, see Figure 7-8. Organizations that are funded primarily through government grants and contracts reported a major challenge considerably less often than those supported by charitable contributions or earned income. However, organizations that receive the bulk of their support from the government may predominately be K-12 education organizations and/or libraries. Thus, we assume this finding is more a function of organization type (i.e., public vs. nonprofit) or

mission (i.e., K-12 education, visual arts, performing arts, etc.).



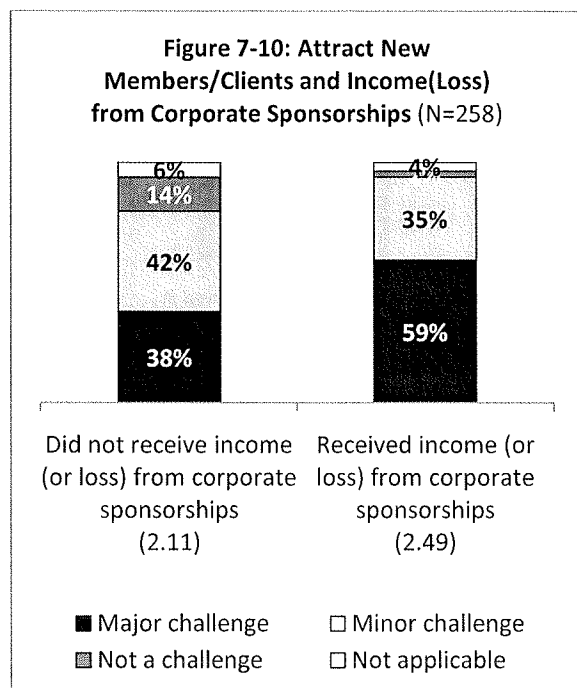
In addition to looking at organizations' predominant source of revenue, we also assessed the impact of the diversity of revenue sources on challenges related to attracting new members/clients. Greater revenue

diversification may serve as a proxy for organizational sophistication and financial stability and should therefore make it easier to attract new members/clients. However, as Figure 7-9 shows, this doesn't seem to be the case. Respondents with just three or four income sources reported notably lower challenges (mean score of only 1.84) in recruiting new members or clients, compared to organizations with fewer or more sources.



In terms of specific types of revenue sources, we find that entering into sponsorship or marketing deals with corporations appears associated with more severe challenges in attracting new members/clients, see Figure 7-10. More than half (59 percent) of those with such income (or loss) reported a major recruitment challenge, compared to only 38 percent of those without such relationships. We expected corporate sponsorship to provide arts and culture organizations with visibility and marketing resources that would help them attract new members/clients. That may still be the case, but our findings suggest that arts and culture organizations seek out these types of corporate sponsorships

precisely because they find it difficult to attract new participants.

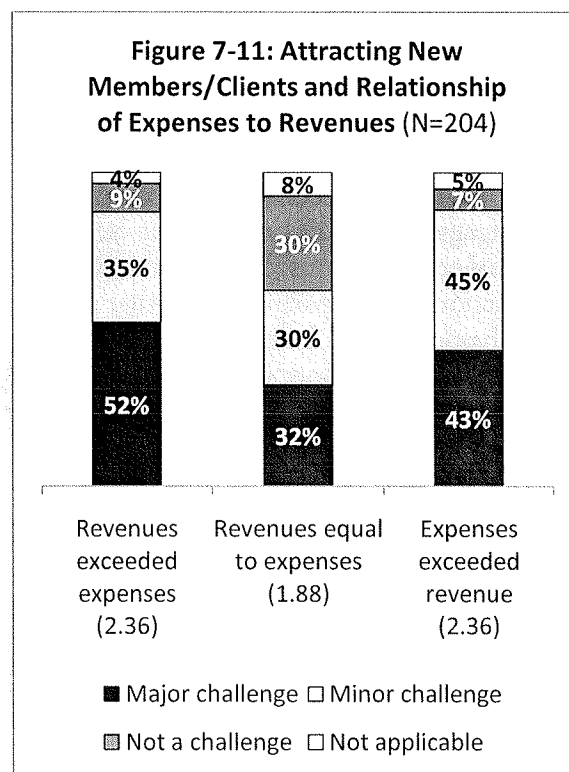


Finally, the relationship between expenses and revenues within organizations also appears related — albeit not straightforwardly — to the level of challenge they report attracting new members/clients. Organizations that appear to keep their expenses and revenues essentially in balance report fewer challenges than those with some non-trivial surplus or deficit for the year, see Figure 7-11.

Evaluating or Assessing Program Outcomes or Impact

The next most pervasive challenge among programs and planning activities was evaluating or assessing program outcomes or impact. As shown in Figure 7, 76 percent of respondents identified this activity as at least a minor challenge. However, as was the case with attracting new members/clients, not all types of arts and culture groups struggle to the same degree in this area. We find that the extent of challenge is related to involvement in collaborations, use of volunteers, volunteer

management, and certain kinds of organizational activities, but not the type or mission of the organization, demand for services, or basic characteristics, such as size, age, funding profile or location.



Organization mission and focus

Challenges in evaluating or assessing program outcomes or impacts has no systematic relationship with an organization's focus on arts and culture activities, mission, or whether it is public or nonprofit.

Changes in demand for programs and services

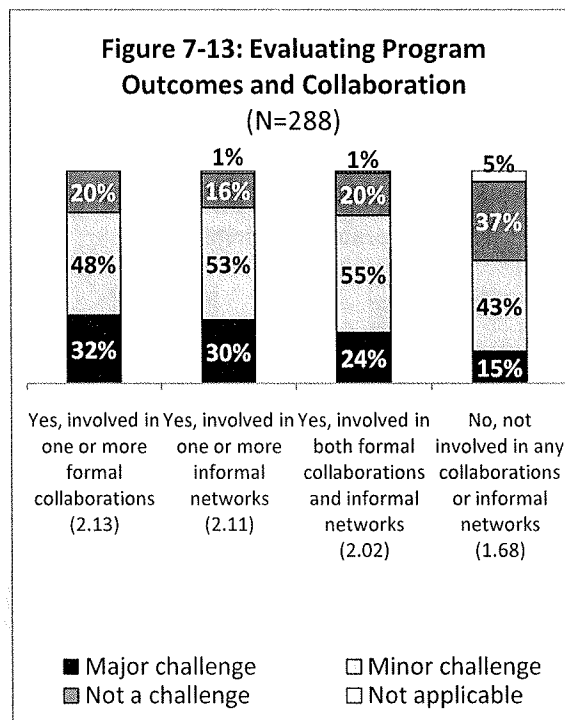
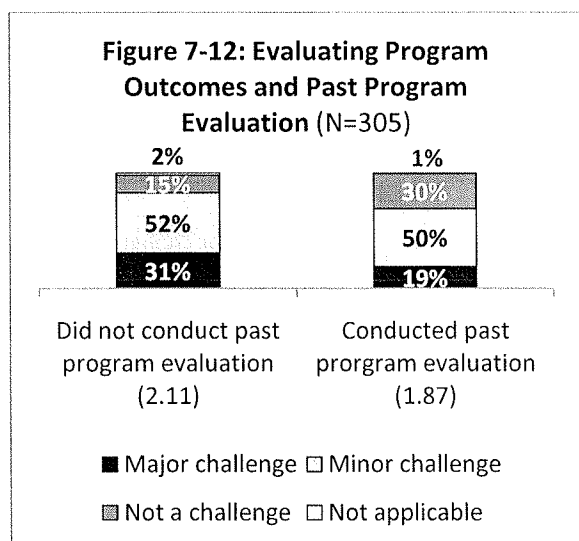
Changes in demands for services and programs over the past three years have no relationship with the challenges arts and culture providers face in evaluating or assessing program impacts or outcomes.

Activities, Policies and Procedures

As expected, we find that organizations that have not undertaken a prior evaluation within the past two years, or revised a past assessment, are more likely to report major

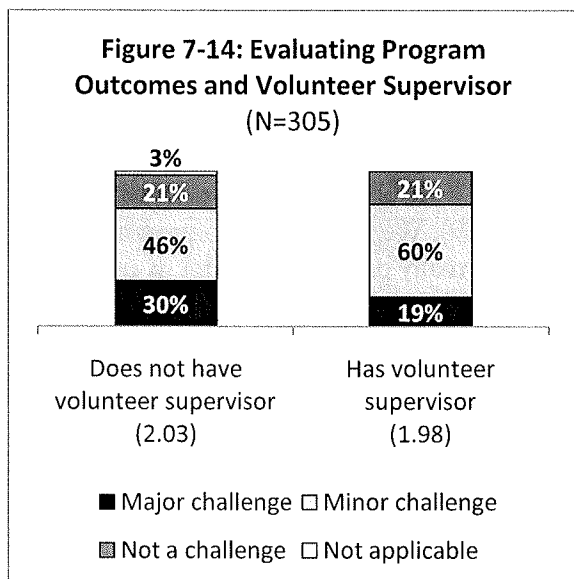
challenges assessing program outcomes than those without such prior efforts (average challenge score of 2.11 vs. 1.87), see Figure 7-12.

Involvement in collaborations also has a marginally significant impact on challenges evaluating program outcomes or impact, see Figure 7-13. Thus, respondents that do not participate in any collaborative efforts have a mean challenge score of only 1.68, compared to 2.11 and 2.13, respectively for those that have engaged in at least one or more informal or formal collaborations. We speculate that organizations which partner with other groups have a harder time isolating and evaluating the impact of their own specific contribution toward achieving a desired program outcome.



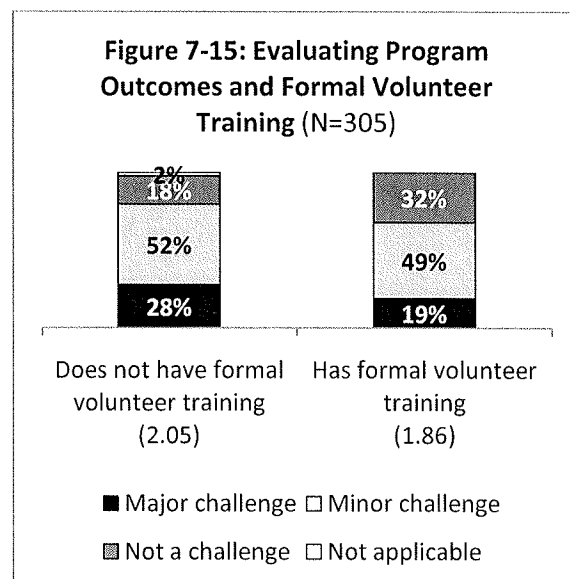
We also explored whether the use or degree of reliance on volunteers might make a difference, but relatively few make no use of volunteers at all (35 out of 283) — even excluding board members — that the results have little policy relevance.

On the other hand, relatively few (29 percent) arts and culture organizations make use of volunteer supervisors or have formal volunteer training programs (18 percent) (n=375). These are practices we associate with more developed organizations, and we expect organizations with these practices to report fewer challenges associated with organizational outcome evaluations. Indeed, only 19 percent of organizations with a designated coordinator/supervisor for volunteers (Figure 7-14) or with a formal volunteer training program (Figure 7-15) report major challenges with outcome/impact evaluations, compared to 30 percent of those without volunteer supervisors and 28 percent of those without a formal volunteer training program.



Finally, we find that engagement in activities intended to educate the general public about certain arts and culture policy issues is also related to challenges evaluating program outcomes. We expected organizations that conduct policy education to be more likely to report major challenges, because it is hard to measure the impact of a campaign on public behavior and awareness. However, Figure 7-16 suggests the opposite. Just under one-third (30 percent) of respondents not involved in arts policy education activities report major challenges evaluating the impact of their programs compared to only 21 percent of groups that try to educate the public about arts and culture policies.

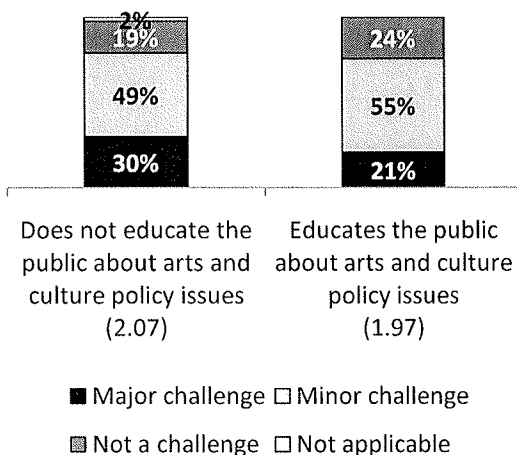
Organizational Characteristics



Assessing Community Needs

Undertaking activities to assess the community's needs was the third most difficult programs and planning activity for survey respondents. Three-fourths of the organizations in the sample reported at least a minor challenge in this area. However, as was the case with attracting new members/clients and evaluating program outcomes, the likelihood of reporting challenges with this activity was not spread evenly amongst all organizations. We find that the extent of challenge is related to involvement in collaborations, having certain kinds of information technology (IT) tools, size, and funding profile, but not the type or mission of the organization or demand for services.

Figure 7-16: Evaluating Program Outcomes and Educating the Public About Policy Issues (N=297)



We find that involvement in collaborations has a marginally significant impact on challenges assessing community needs, see Figure 7-17. While the overall average challenge score for this activity is 1.95, organizations that do not collaborate with other groups have a considerably lower mean score of 1.70, mainly because 10 percent of respondents that abstain from collaboration indicated that assessing community needs was simply not applicable to their organizations. A closer look suggests that some of these organizations provide arts services to a finite member/client base rather than the general public, so understanding community-level needs is less critical to their work.

Organization mission and focus

Challenges in assessing community needs has no systematic relationship with an organization's focus on arts and culture activities, mission, or whether it is public or nonprofit.

Changes in demand for programs and services

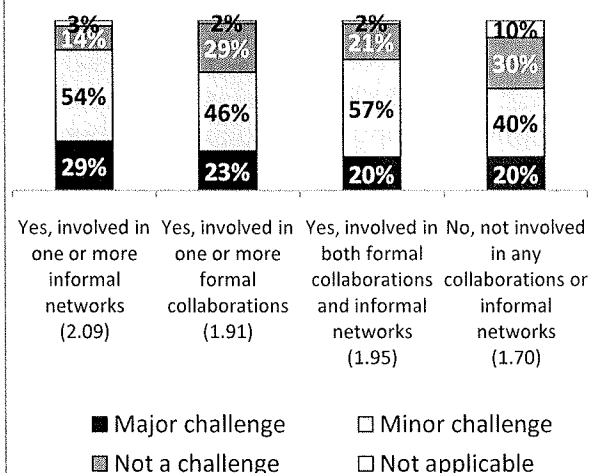
Changes in demands for services and programs over the past three years have no relationship with the challenges arts and

culture providers face in assessing community needs.

Activities, policies, and procedures

Organizations involved in just informal networks have a higher than average challenge score (2.09). We suspect that organizations that informally partner with a lot of other groups, or participate in multiple loose networks, find it more difficult to assess needs and/or gaps in services because of the casual or vague nature of these collaborations. Organizations involved in both formal collaborations and informal networks, or one or more formal collaborations, have an average challenge score much closer to the overall mean, 1.95 and 1.91, respectively.

Figure 7-17: Assessing Community Needs and Collaboration (N=289)



As was the case with attracting new members/clients, possession of certain information technology (IT) tools, which respondents could use while conducting a needs assessment, also appears to be related to the challenge level they report. But unexpectedly, the IT tools seem to hinder rather than help the assessment process, see Figures 7-18 and 7-19. In particular, having a computer for key staff/volunteers and/or computerized client, member, or program

records appear to be related to an increase in the likelihood of reporting at least a minor challenge assessing community needs.

It should also be noted that only a small number of the 306 respondents to the two questions said they did not have these two specific IT tools — 45 for computers and 63 for computerized records, respectively. Thus, our findings may not be very robust.

In addition to looking at a few specific IT tools, we also examined the relationship between the total number of IT tools respondents have at their disposal and the likelihood of the challenge levels they report.

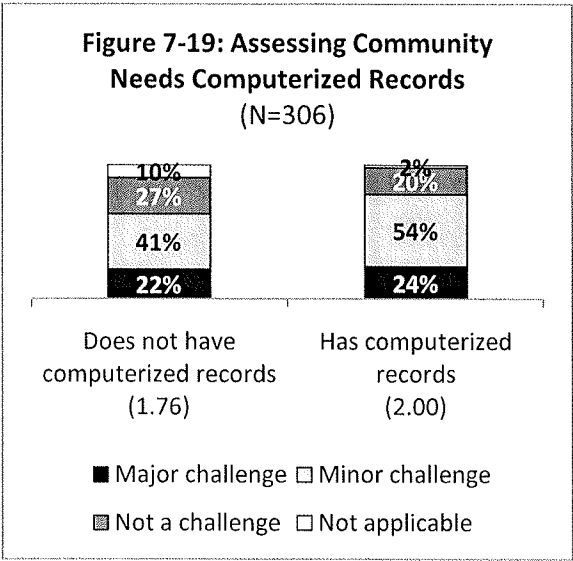
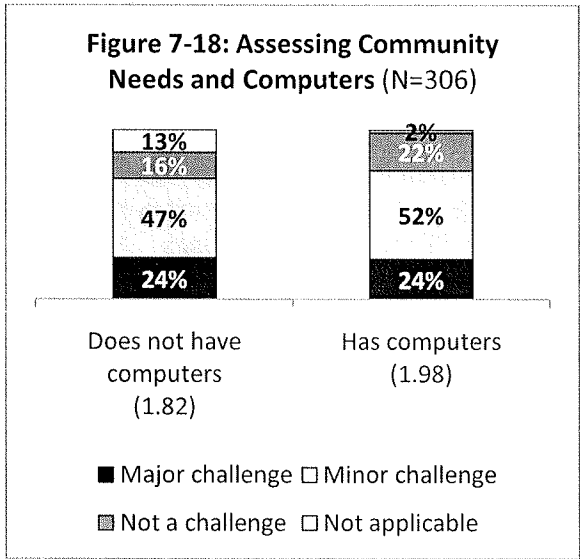
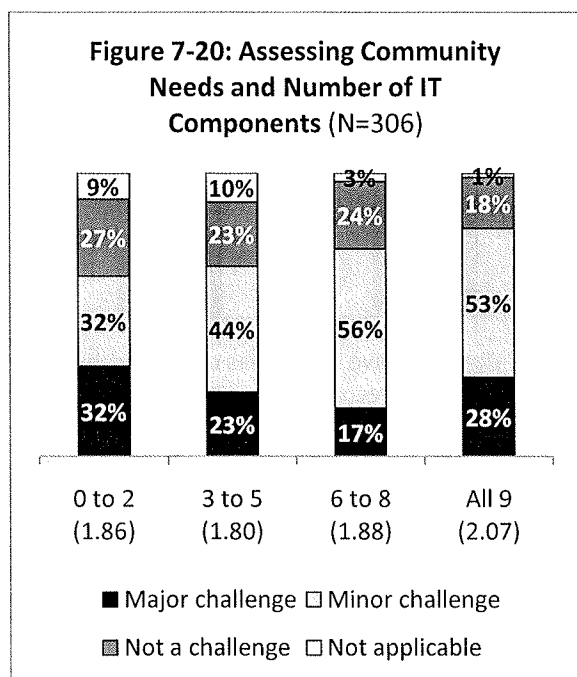
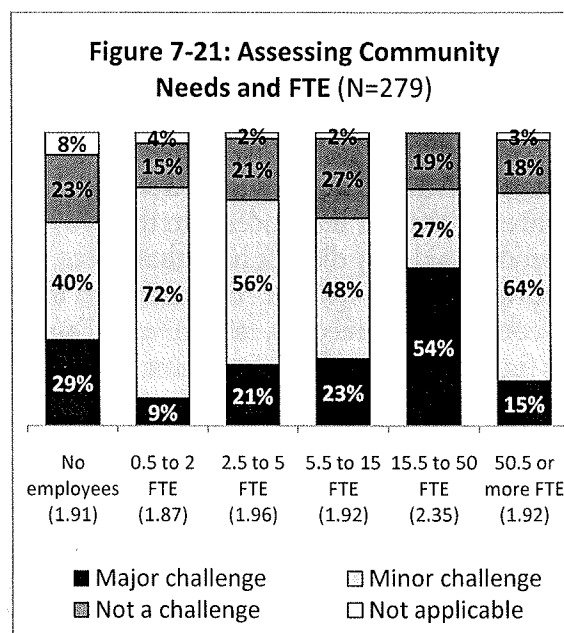


Figure 7-20 shows, there is no clear cut relationship. However, it seems that organizations with the fewest (0 to 2) and the greatest number (9) of tools are about equally likely to report a major challenge assessing community needs. Possibly, the organizations with few tools are so young, small, and/or inexperienced that they are not even at the point of recognizing whether something is a challenge or not. In contrast, the groups with the most tools are more likely to undertake more sophisticated and thus more challenging needs assessments.



Organizational Characteristics

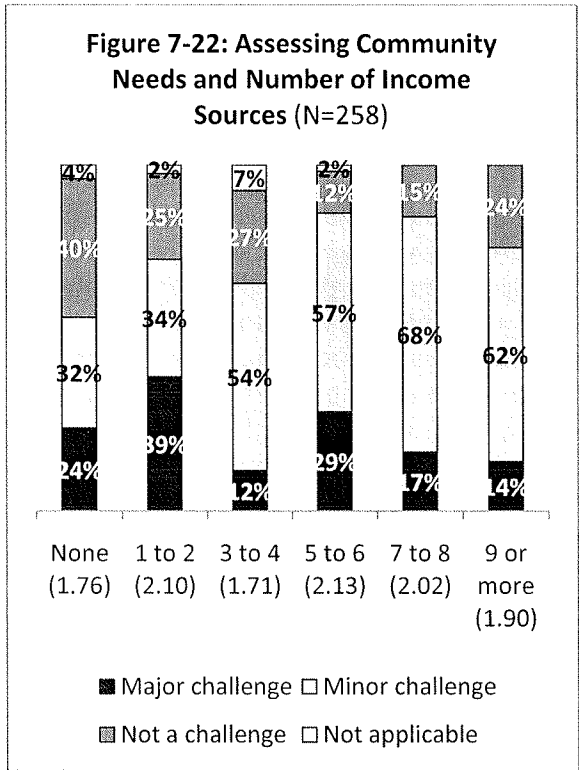
We find the number of people organizations employ on a full-time basis seems to have a significant relationship with the level of challenge they reported about assessing community needs, see Figure 7-21. Organizations with 15.5 to 50 full-time employees more often responded that assessing community needs was a major challenge (average challenge score of 2.35), while both larger and smaller organizations reported average challenges scores of only 1.92. We speculate that smaller organizations do not consider a community needs assessment a feasible task because their staff are already stretched too thin, so the lower challenge responses is more reflective of priorities rather than legitimate challenges. In contrast, larger organizations have the necessary human capital to carry out an assessment. Mid-sized organizations in the 15.5 – 50 FTE range are caught somewhere in between.



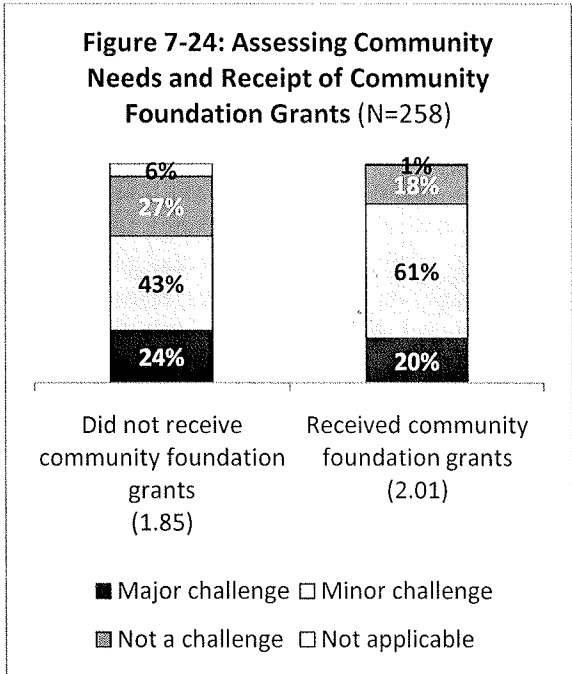
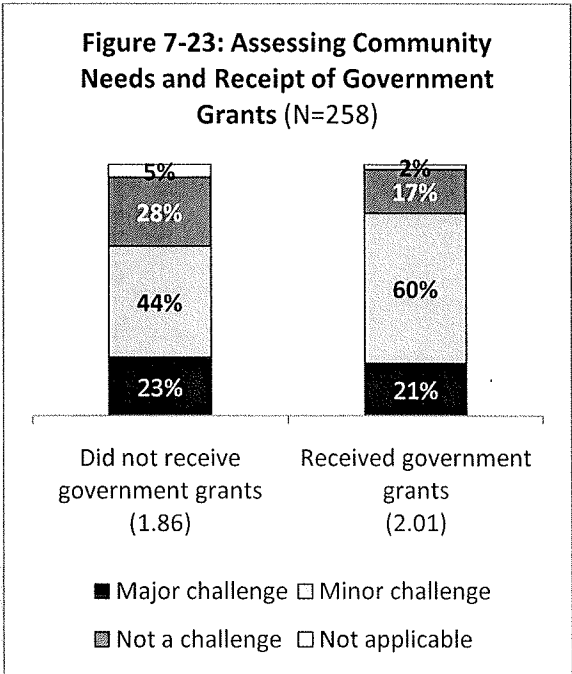
The lower than average challenge score (1.91) for organizations that are entirely volunteer-run (i.e., no employees) is also interesting. Almost 30 percent of these organizations report a major challenge assessing community needs, yet this percentage declines dramatically with the arrival of the first paid employee. However, as we noted above, after this initial drop, the frequency of reporting major challenges continues to rise as an organization hires more staff, but then drops again after surpassing the 50 person staff threshold.

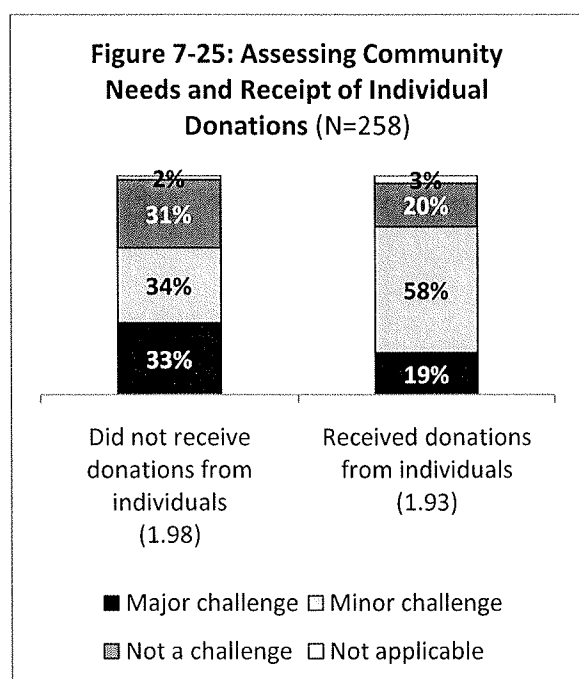
Finally, respondents' revenue stream is related to challenges assessing community need. The number of sources, as well as few specific kinds of institutional and individual support are significant. Excluding groups with zero sources of revenue, we find organizations that rely on relatively few funding streams (1 to 2) are most likely to report major challenges, see Figure 7-22. Beyond this, the pattern is not very straightforward. Additionally, receipt of government and community foundation grants, as well as donations from individuals, seems to be related to challenges with this activity. With regard to grants from community foundations and government,

organizations that receive this type of support are slightly less likely to report major challenges but considerably more likely to report at least a minor challenge, see Figure 7-23, 7-24. Governments and community foundations often produce information about community needs as part of prioritizing their own funding allocations. Organizations receiving funding from these sources may thus benefit from the available analysis, but will need to document how their own activities align with funding priorities.



Turning to individual giving, organizations that receive donations from individuals are less likely to report major challenges (19 percent vs. 33 percent), see Figure 7-25. We speculate that most organizations that seek individual donations have had to articulate community needs as part of their fund-raising appeals.



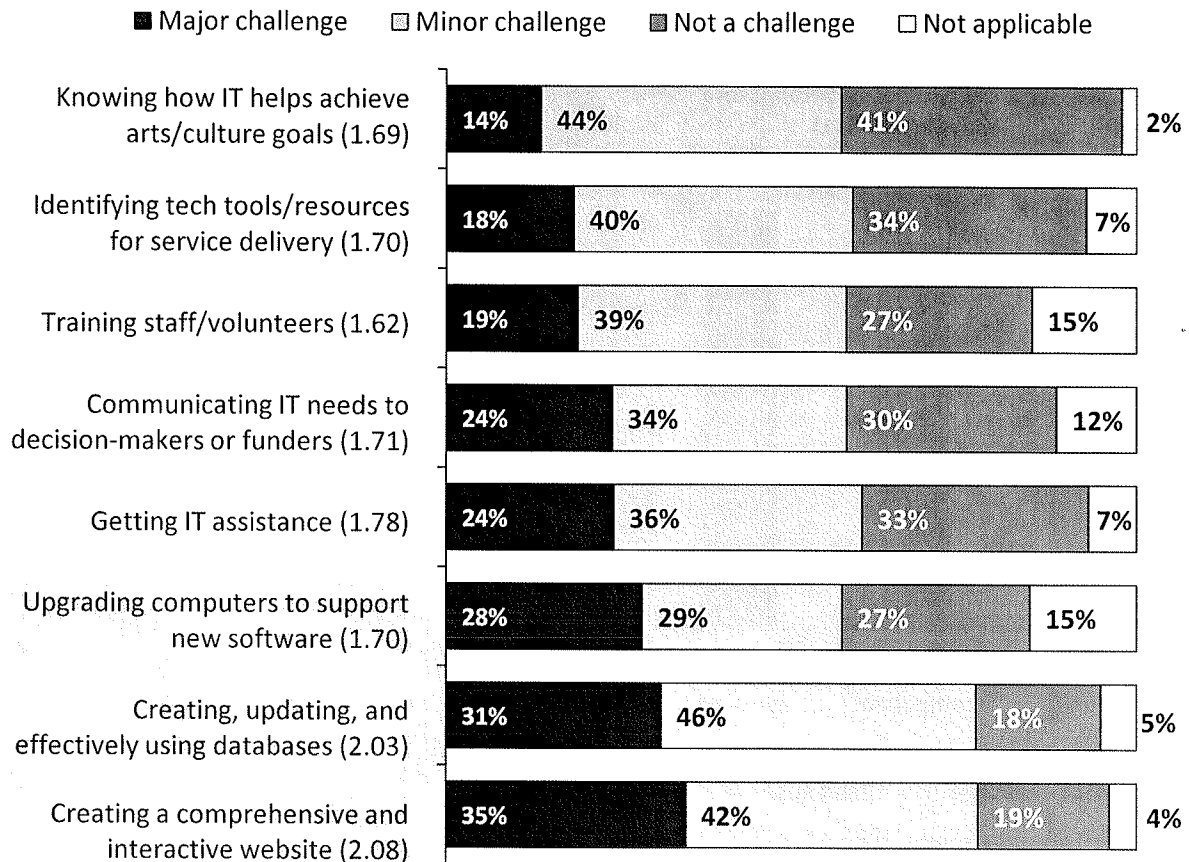


5. INFORMATION TECHNOLOGY (IT)

Challenges related to information technology had lower overall average challenge scores than those related to programs and planning or marketing. As figure 5 shows, none of the items included in this category were considered a major challenge by more than 35 percent, although two of these, **creating a comprehensive and interactive website** and **creating, updating, and effectively using databases** were considered at least minor challenges by more than three-fourths.

The remaining six items were considered at least minor challenges by close to 60 percent of respondents. Three of these, **upgrading computers to support new software**, **getting IT assistance**, and **communicating IT needs to decision-makers or funders** were considered major challenges by about a quarter. Just below a fifth say that **training staff/volunteers in software/applications** or **identifying technology tools/resources for service delivery** are major challenges, while only 14 percent say that about **knowing how technology helps achieve organization's arts and culture mission/goals**. Here we focus on the two most severe challenges in this category. Additionally, we consider the impact of IT infrastructure in other capacity building and technical assistance challenges.

Figure 5: Information Technology (IT) Challenges (n=329-331)



Building a Comprehensive Website

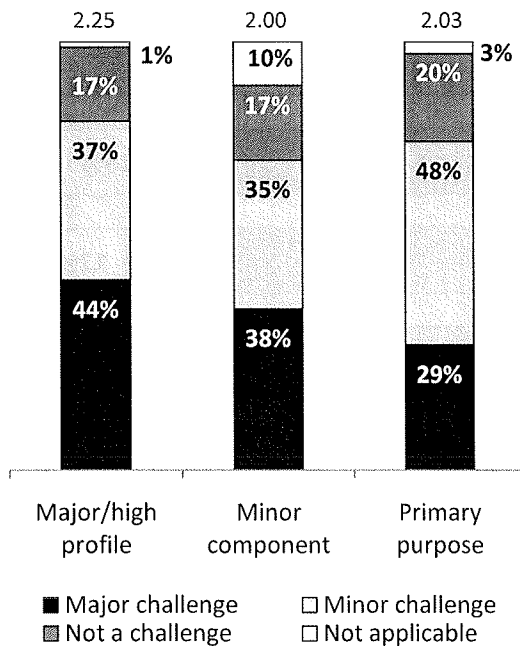
Creating a comprehensive and interactive website posed the most challenge compared to other IT challenges, with an overall challenge score of 2.08. Looking at these challenges in the context of the larger organization, we find these challenges mostly relate to an organization's overall IT structure, as well as factors related to revenue and other organizational characteristics. This section explores those connections more in depth.

Organization mission and focus

The extent to which organizations focus on arts and culture activities is related to challenges in building a comprehensive and interactive website, but the relationship is not linear (Figure 5.1). About 44 percent of organizations that place a high priority on their arts and culture programs, but do not consider them their primary purpose, report

major challenges in designing a comprehensive and interactive website for their arts and culture programs. This compares to only 29 percent of organizations that place a primary focus on such programs, and 38 percent with a minor focus.

Figure 5.1: Creating a comprehensive and interactive website in organizations with different focuses on arts/culture activities (n=331)



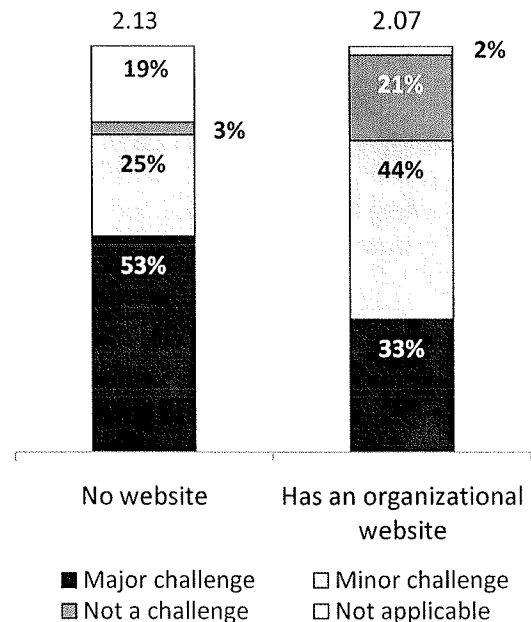
These differences might reflect organizational priorities. Almost 90 percent organizations participating in this project report having organizational websites. It would make sense that groups primarily focusing on arts and culture activities focus their energies on a website reflecting these activities; thus, they may report fewer challenges, because they have already tackled such difficulties. In contrast, a comprehensive and interactive website for arts and culture activities is likely less of a priority for groups that place only a minor focus on the arts, and so website development is less of a challenge. Groups with a major focus on arts/culture, however, likely perceive the importance of a comprehensive and interactive website for their arts/culture programs and services, but must balance this need with other organizations priorities. Thus, website development poses the greatest challenges for these organizations.

An organization's primary mission has no general bearing on challenges in building a

comprehensive and interactive website. Similarly, organizational sector (nonprofit or public/governmental) has no systematic impact.

Changes in demand for programs and services
Changes in demands for services and programs over the past three years have no relationship with the challenges organizations face in developing a comprehensive and interactive website for their arts and culture programs.

Figure 5.2: Effect of having a website on creating a comprehensive and interactive website(n=307)

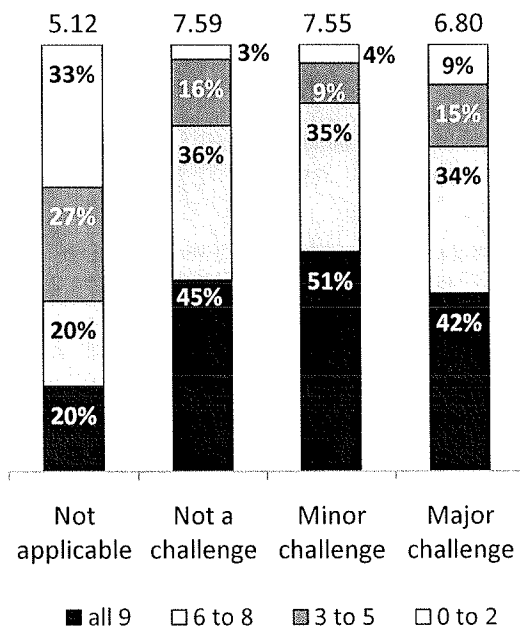


Activities, policies, and procedures

The robustness of an organization's IT structure is – not surprisingly – related to web development challenges. For example, figure 5.2 shows that organizations that do not currently have a website are much more likely to say this is a major challenge compared to those that have one (53 vs. 33 percent) or to say it does not apply to them (19 vs. 2 percent). However, those with a current site are notably more likely to consider this a minor challenge (44 vs. 25 percent) or to say it

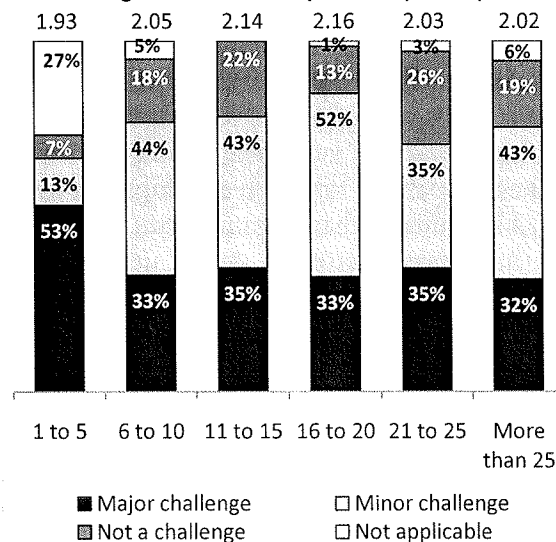
is not a challenge at all (21 vs. 3 percent). When we combine these responses, we find that the average challenge score for building a comprehensive website is only slightly higher for those without a current website than those with a site (2.13 vs. 2.07) and the difference is not statistically significant.

Figure 5.3: Number of IT components and challenges associated with creating, updating, and effectively using databases (n=307)



We also find that organizations experiencing major challenges in their website development have fewer IT-related organizational components (e.g., an organization email address, computers for staff, etc). Of the 9 components the survey asked about, those reporting no challenge or just minor challenges with website development had an average of 7.6 components, while those encountering major challenges on average had only 6.8. We also expected having a recent written technology plan would relate to website development challenges. The data, however, showed no relationship.

Figure 5.4: Creating a comprehensive and interactive website and number of organizational components (n=307)



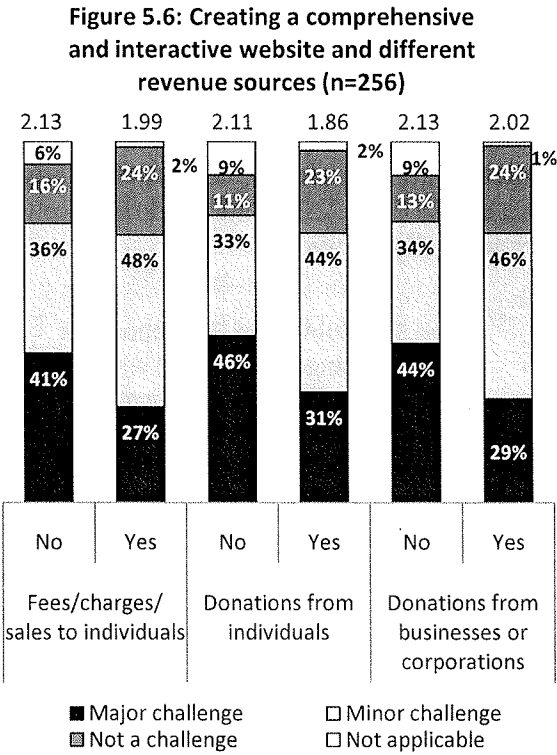
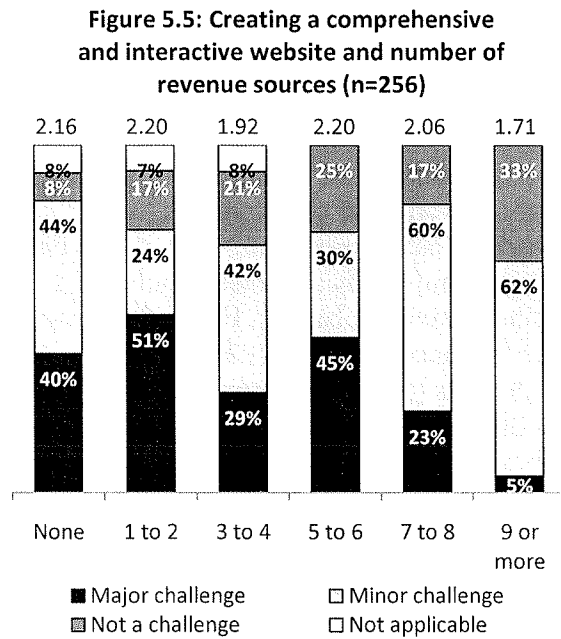
We additionally asked organizations whether they had a variety of other policies, procedures and components, such as a recent strategic plan, conflict of interest policies, a volunteer training plan, etc. Figure 5.4 shows that organizations with very few of these components (only 1 to 5) report challenges very differently from organizations with more of these elements. Over 50 percent of these arts and culture providers say creating a comprehensive and interactive website is a major challenge, but almost 30 percent it would not be applicable to their organizations. In contrast, only about a third of those with more organizational components say website development is a major challenge and very few note it is not applicable.

Organizational characteristics

We also explore whether basic organizational characteristics are related to challenges in website development. We find this challenge has neither a relationship with organizational size nor age. Revenue diversification, however, does appear to be relevant. As Figure 5.5 shows, only about five percent of organizations with nine or more income sources report web development as a major challenge. We speculate this is because having

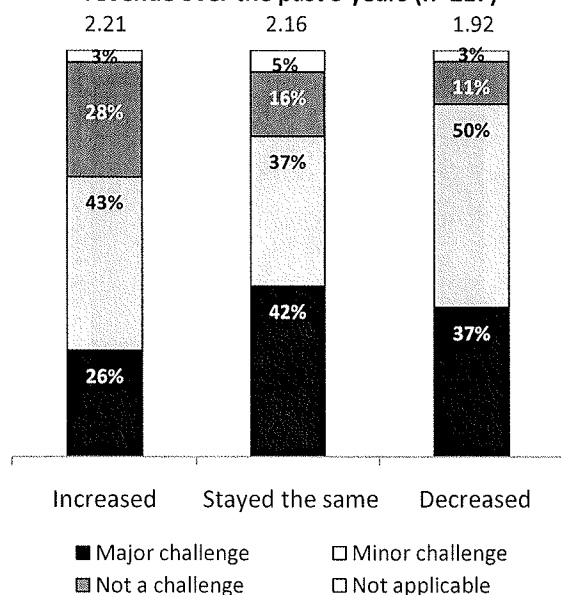
a comprehensive and interactive website may facilitate raising funds from so many sources.

We find also that reliance on certain types of revenue sources appear to be more significant than others. Figure 5.6 shows that organizations which receive funding from sales to individuals, individual donations, and business donations find web development to be less of a challenge than organizations which lack these revenue streams. Again, we speculate that having a comprehensive and interactive websites helps these organizations gain support from individuals and businesses.



In addition to income sources, changes in overall revenue over the past three years also are marginally significant. Organizations that experienced a decrease in revenues gave higher challenge scores (2.21), compared to those where revenue stayed the same (2.16), and those that experienced an increase (1.92). Organizations that saw a decrease in their revenues were more likely to report both minor and major challenges than those with increased revenues.

Figure 5.6: Creating a comprehensive and interactive website and changes in revenue over the past 3 years (n=217)



Creating, updating, and effectively using databases

Overall, the average challenge score for creating, updating and effectively using databases was 2.03. Again, the most notable relationships with these challenges appear to be with other elements of an organization's IT structure, but other factors, most notably age, are significant as well.

Organization mission and focus

Challenges maintaining and using databases has no systematic relationship with an organization's focus on arts and culture activities, mission, or whether it is public or nonprofit.

Changes in demand for programs and services

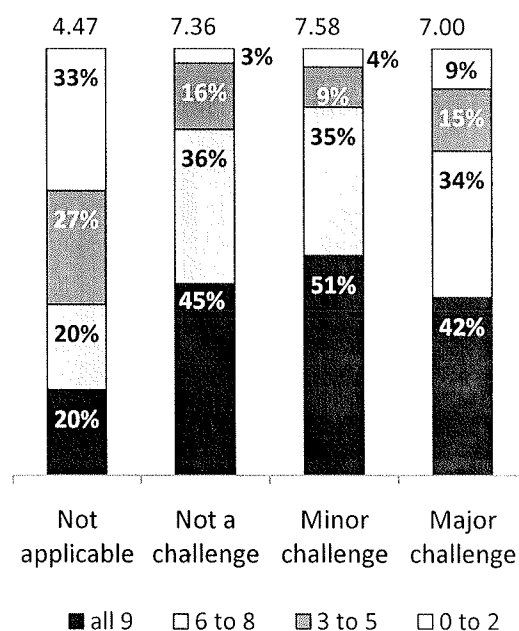
Generally speaking, changes in demand for arts and culture programs and services have no relationship with database challenges.

Activities, policies, and procedures

Our analysis shows that database challenges are related to the number of IT components

the organization has. But, as Figure 5.8 shows, the relationship is not straightforward. Those experiencing minor challenges tend to have the largest number of components (7.6 on average), followed by those that say it is not a challenge (7.4) and then those that say it is a major challenge (7.0), perhaps indicating that those with more IT tools undertake more IT-related projects that present at least some minor challenges. Not surprisingly, those who say database work is not applicable have by far the fewest number of IT tools (only 4.5 on average), accounting for most of the variation observed in Figure 5.8.

Figure 5.8: Number of IT components and challenges associated with creating, updating, and effectively using databases (n=307)



Looking at specific components, we find that organizations that have computerized financial records have an average database challenge score of 2.05, while those without such a component had an average challenge score of 1.91 (Figure 5.9). Most of this difference comes from higher reports of minor challenges among organizations using computerized financial records, suggesting the

challenges mainly involve fine-tuning of these types of database systems.

We find a similar but more pronounced relationship when it comes to computerized client/ member/program records (Figure 5.10). Organizations without such records are much more likely to report that creating, updating and effectively using databases present major challenges (46 vs. 27 percent), although the overall average challenge score is only slightly higher (2.08 vs. 2.01) and not statistically significant. We speculate that program records are sufficiently complex to make it difficult for many organizations to use “off-the-shelf” software programs (in contrast to financial records) or to maintain them manually.

Figure 5.9: Database challenges and organization use of computerized financial records (n=307)

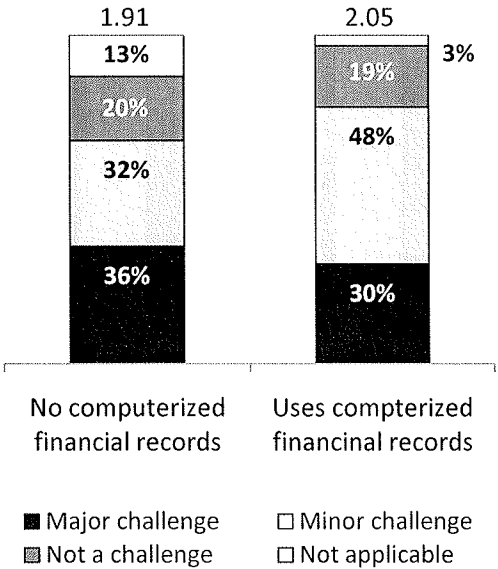
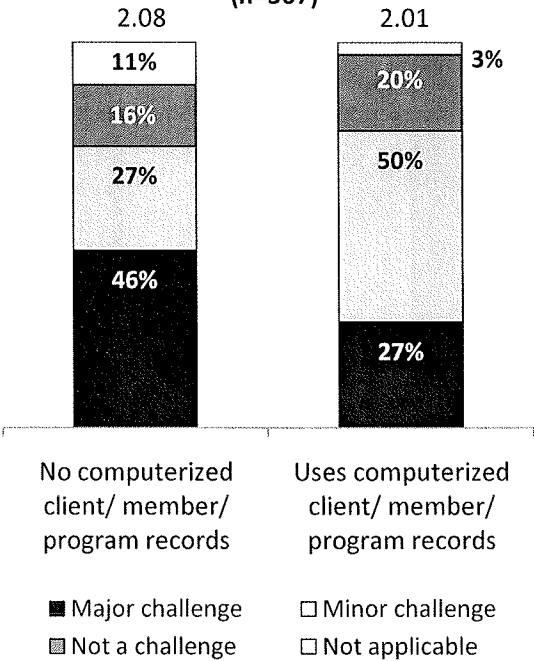


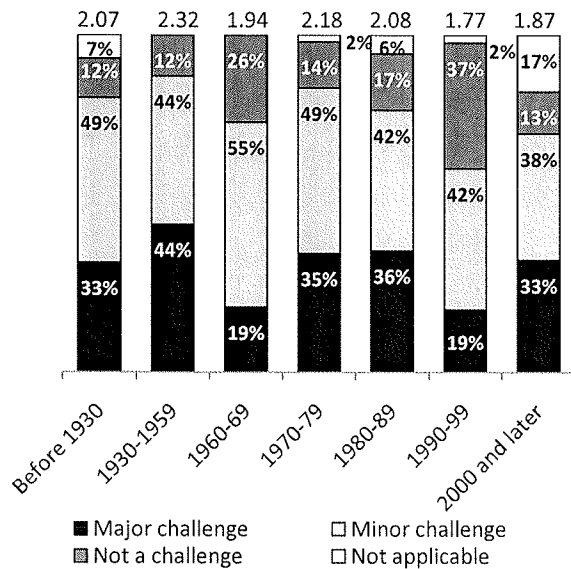
Figure 5.10: Database challenges and organization use of computerized client/member/program records (n=307)



Organizational Characteristics

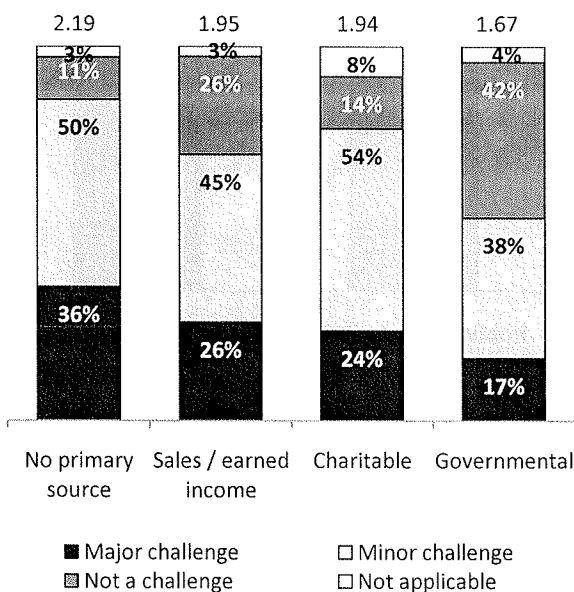
Finally, among the basic organizational characteristic we considered, we find that an organization’s age has a statistically significant connection with the organizations database challenges, but the relationship appears to be a complicated (nonlinear) one (Figure 5.11). Organizations founded in the 1990s report the fewest challenges (1.77), while those founded between 1930 and 1959 have the most (2.32), with other age cohorts fluctuating between these two values. As Figure 5.11 also shows, almost a fifth of very young organizations (founded in 2000 or later) report that database challenges do not apply to them, suggesting that their needs for tracking information have not yet reached the level to warrant creating a database.

Figure 5.11: Database challenges and organization age (n=269)



We suspect these patterns illustrate a process of technological growth and expansion over an organization's lifespan. Organizations rarely adopt and maintain one database structure throughout their existence. Rather, organizations adopt new methods or systems as their needs grow and change. Thus, challenges take on a cyclic effect.

Figure 5.12: Database challenges and primary revenue source (n=182)



While an organization's size or annual revenue has no general relationship with its database challenges, we do observe a marginally significant relationship with primary revenue source (Figure 5.12). Organizations that rely on government funding for over fifty percent of their revenue report the fewest challenges with databases (1.67). We suspect challenges are low for these organizations, because gaining and maintaining government funding requires meticulous data tracking and management. In contrast, organizations with no dominant revenue source display the most challenges (2.19), suggesting that managing diverse revenue imposes more complex demands on database development.

Organizational IT Components

Because of the importance of IT components for several types of capacity-building challenges, we look more closely at which types of organizations employ such IT-related components as keeping computerized records, performing routine data backups, or maintaining an organizational website or email address.

Table 5.1: Use of various IT organizational components

IT organizational components	% orgs (n=310)
Email address for your organization	90.0
Website for your organization	89.7
Computers available for key staff/volunteers	85.2
Computerized financial records	81.6
Anti-virus / anti-spyware / anti-spam programs	80.3
Computerized client/member/program records	79.4
Broadband internet access	78.7
Routine backups of your data	71.0
Internal computer network	64.2

As Table 5.1 shows, the great majority of arts and culture organizations have basic IT components, such as organizational websites or email addresses (90 percent) and computers for key staff members and volunteers (85

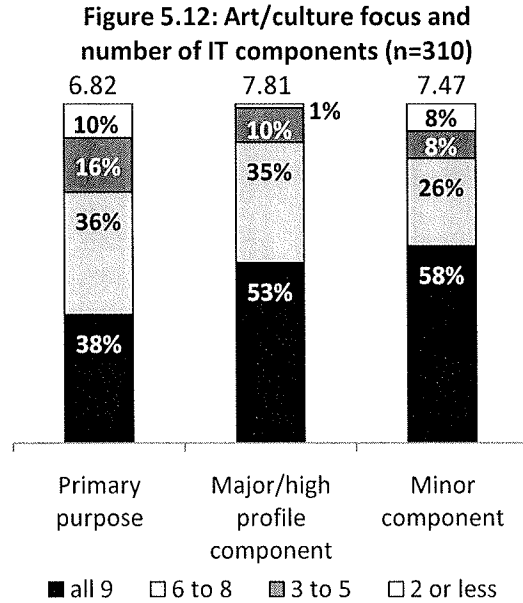
percent). About 80 percent have computerized financial, program records, anti-virus or related programs, and broadband internet access. However, less than three fourths routinely back up their data, although almost two-thirds maintain internal computer networks.

Approximately 45 percent of organizations employed all nine IT elements mentioned in the survey (Table 5.2). Only 2 percent of organizations had none of these IT organizational components, and less than one in ten (7 percent) had two or fewer components.

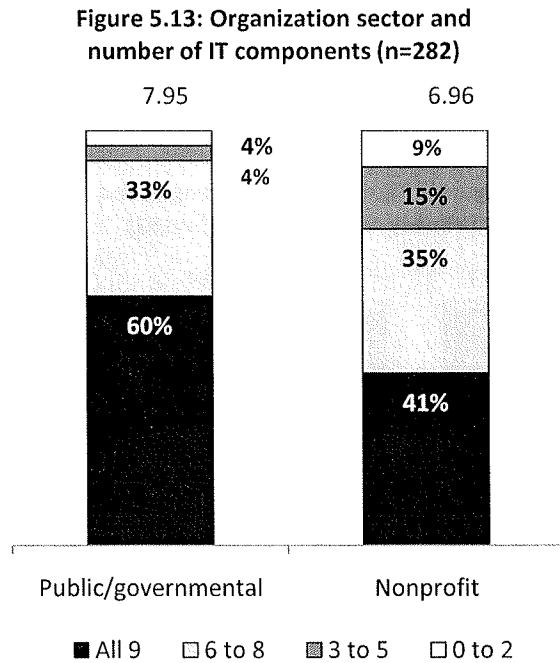
Table 2: Number of IT elements organizations use

# of IT components	% of organizations (n=310)
2 or less	7.4
3 to 5	12.9
6 to 8	33.9
All 9	45.8

Figure 5.12 shows that organizations which focus primarily on arts and culture activities generally have fewer IT components (average of 6.8) than those where arts and culture is a high profile (7.8) or just a minor component (7.5).



Additionally, public or governmental arts and culture providers appear more technologically robust than their nonprofit peers (Figure 5.13). They are more likely to have all nine components (60 vs. 41 percent).

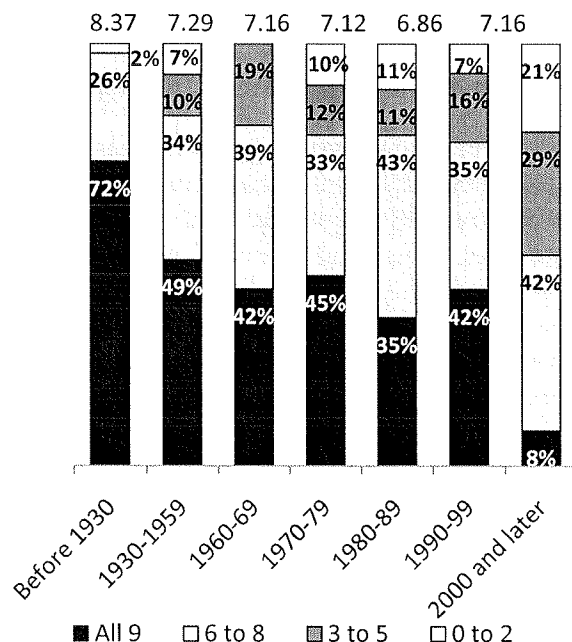


There are also notable relationships with age and size. Very young organizations generally have fewer IT components than very old organizations (Figure 5.14) and larger

organizations have more IT elements than smaller ones (Table 5.3)

Overall, and as expected, we find that organizations with fewer IT components are more likely to report specific IT challenges. For example, organizations reporting major challenges in developing a comprehensive organization website, tend to have fewer IT components than those reporting only minor or no challenges, suggesting that there are systemic problems in augmenting IT capacity.

Figure 5.14: Organization age and number of IT components (n=270)



Less than \$25K	6.07
\$25K to 99K	6.45
\$100K to 249K	7.65
\$250K to 499K	7.92
\$500K to 999K	8.71
\$1M to 9.9M	8.91
\$10M or more	9.00

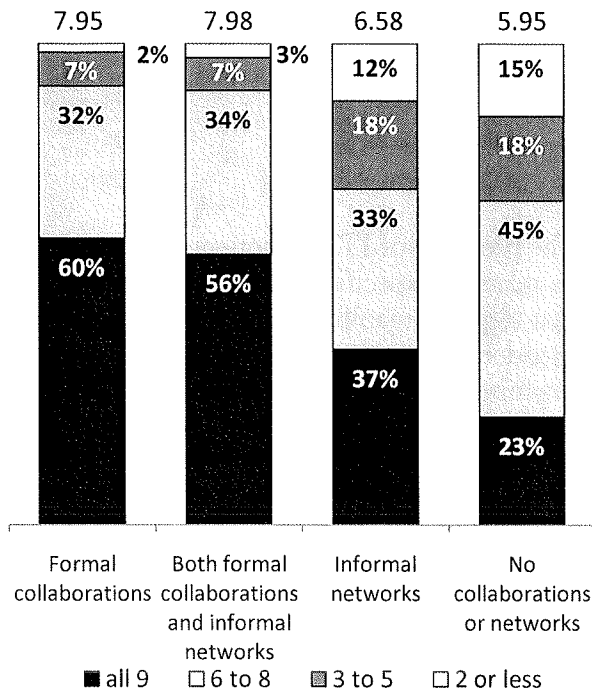
The presence of IT components also seems to be related to specific organizational activities that require organizations to interact with the broader environment. For example, organizations involved in some level of formal networking or collaboration tend to have more IT components (Figure 5.14) than those involved only in informal networking or not involved at all in these types of activities, suggesting that email, internet access and the like (e.g., social networking sites) help organizations establish and maintain formal collaborations.⁷

Table 5.3: Organization Size and IT components

Size (FTE)	# IT components
No employees	4.53
0.5 to 2 FTE	6.77
2.5 to 5 FTE	8.00
5.5 to 15 FTE	8.35
15.5 to 50 FTE	8.41
50.5 or more FTE	8.56
Size (Annual Revenue)	# IT components
No revenue	6.89

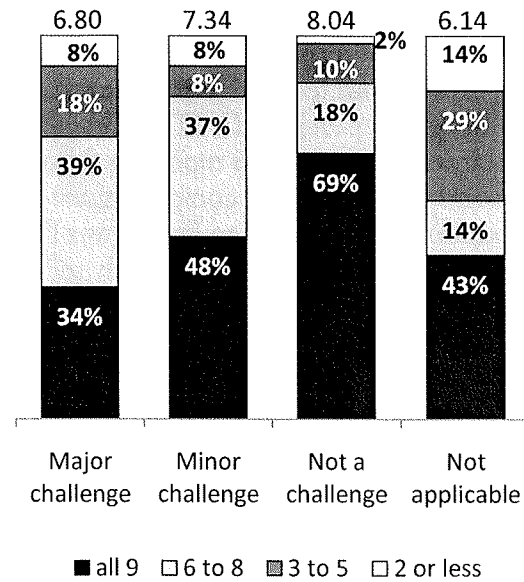
⁷Those engaged in one or more policy promotion activities, e.g., promoting certain political groups or educating the public and policy makers on specific issues, also tend to have slightly more IT components than those not involved in any policy or advocacy activities, but the relationship is not statistically significant.

Figure 5.14: Collaboration and number of IT components (n=293)



The number of organizational IT components also appears to have some relationship with other challenges arts and culture organizations must manage. For example, organizations with more IT components report less challenge with grant proposal writing (see figure 5.15). We speculate that IT competence in designing templates or developing reports and the like help organizations craft grant proposals.

Figure 5.15: Grant writing challenges and number of IT components (n=306)



However, our analysis suggests that Indiana arts and cultural organizations may encounter significant risks in how they employ their IT resources. Thus, while about 80 percent keep computerized records of clients, members, and/or programs or computerized financial data, only 70 percent make routine backups of data. In fact, about a fifth of those that maintain computerized program or financial do not make routine backups (21 and 19 percent respectively). Such figures are a point of concern, because loss of such data can have a substantially negative impact on an organization and its overall capacity.

Finally, we find that whether or not an organization has a recent written technology assessment is related to certain types of management challenges. For example, those with a technology assessment report more challenge in training staff compared to organizations without such an assessment. Similarly, those with a recent assessment report more challenges upgrading computers to support new software.

Obviously, undertaking a technology assessment does not create such challenges;

more likely, undertaking an assessment may reveal challenges that organizations might be unaware of otherwise. Alternatively, those that have challenges may be more likely to undertake assessments in order to manage these issues. This makes sense particularly when we consider that organizations with recent technology assessments report fewer challenges in knowing how technology helps accomplish the organizational mission and also report somewhat less challenge in identifying tools/resources for service delivery.

In summary, we find that many organizations have basic IT components, such as organizational websites and email addresses. The largest challenges include creating a comprehensive website as well as database design and maintenance. These challenges vary depending on presence or absence of key IT organizational components. While organizations might not report information technology challenges as frequently as they do

in such other areas as financial resource, networking and advocacy, marketing, or programs and planning, our analysis shows that information technology challenges are related to variety of organizational capacities, (e.g., grant writing or collaboration and networking). Consequently, organizations (and their funders) might consider how challenges in one area may affect those in another, even if the connection may not be self-evident.

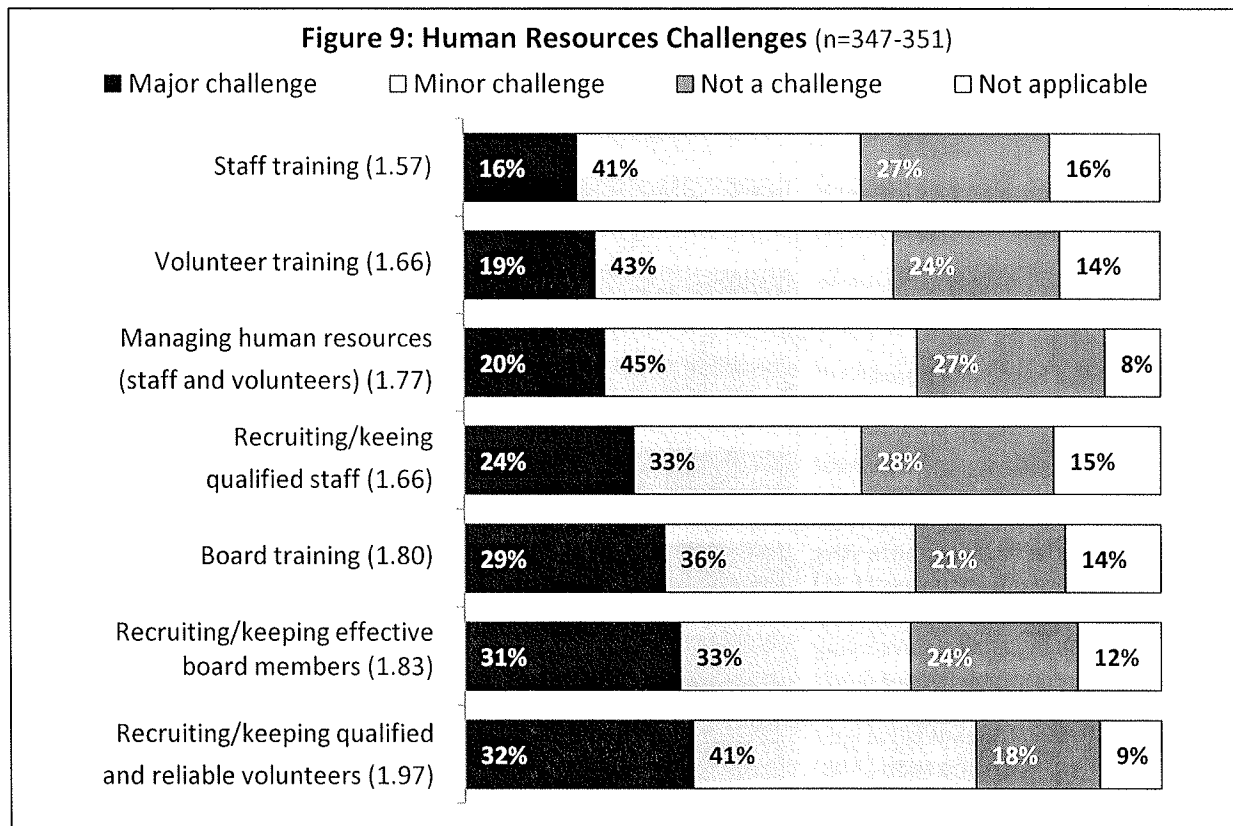
6. HUMAN RESOURCES

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The average challenge scores for the human resource category was the second to lowest for the seven broad categories considered; however, as Figure 9 shows, all nine items included in this category are considered at least a minor challenge by more than half.

Recruiting and keeping qualified volunteers was the most pervasive challenge, considered a major challenge by about a third



(32 percent) and at least a minor challenge by almost three fourths (73 percent).

Recruiting and keeping effective board members and **board training**, however, were only slightly behind: considered a major challenge by respectively 31 and 29 percent and at least a minor challenge by respectively 64 percent and 65 percent. **Recruiting and keeping qualified staff** is a major challenge for 24 percent and at least a minor challenge for 57 percent.

Managing human resources (staff and volunteers) and **volunteer training** are considered major challenges by about one-fifth and minor challenges by another 43-45 percent. The least challenging item is **staff training**, considered a major challenge by only 16 percent, but at minor challenge by another 41 percent.

7. OPERATIONS AND GOVERNANCE

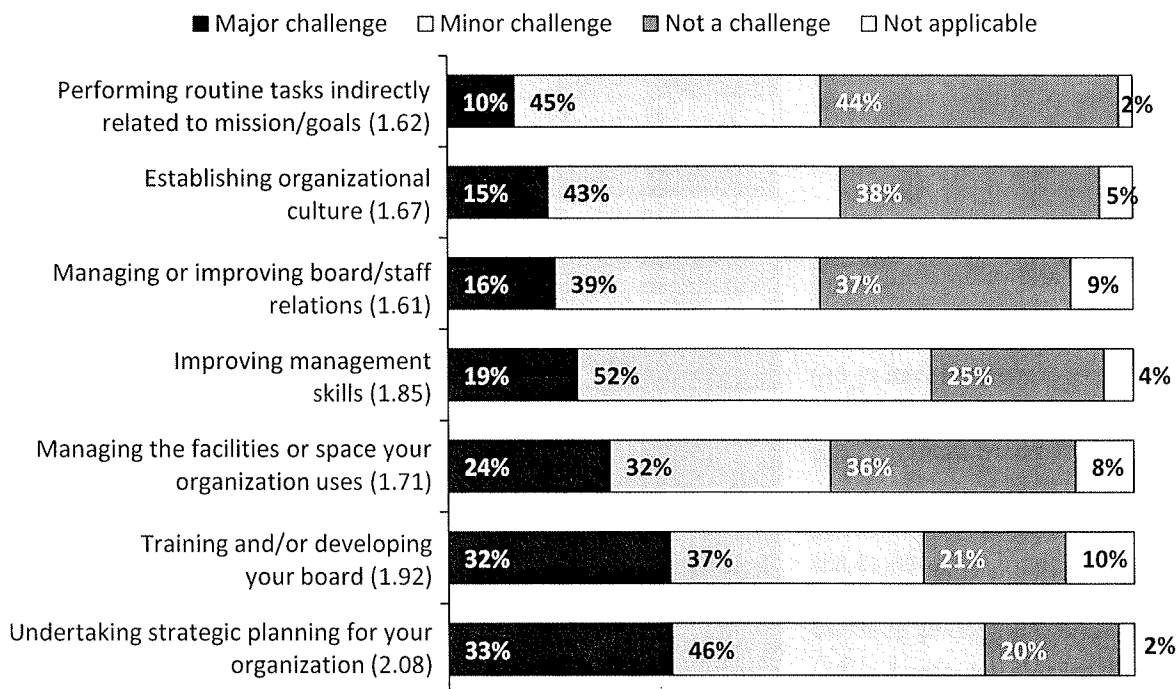
The average challenge score for operations

and governance was the lowest for the seven categories considered. As Figure 7 shows, while between half and close to 80 percent of our respondents report at least minor challenges in undertaking any of the activities included in this category, no more than a third consider any of these to be major challenges.

The most prominent challenges are **undertaking strategic planning** and **board training and development**. Approximately one in three organizations say these two activities pose a major challenge. Respectively, another 46 and 27 percent of organizations say these are minor challenges.

Managing facilities or space is considered a major challenge by 24 percent and a minor challenge by another 32 percent; this is perhaps not surprising since many arts/culture organizations need particular types of facilities or space to carry out their activities. Just under a fifth (19 percent) consider it a major challenge to **improve management skills** and another 52 percent

Figure 7: Operations and Governance Challenges (n=352-355)



consider it a minor challenge. Two other items, **managing or improving board/staff relations** and **establishing organizational culture** are considered major challenges by 15-16 percent and at least minor challenges by more than half (55 and 58 percent respectively). More than half also report challenges with **performing routine tasks indirectly related to mission or goals**, although only 10 percent say this is a major challenge. Here we focus on the two most severe challenges in this category. We additionally consider the prevalence of key components related to governance, operations, and accountability.

Refining Operations and Governance Challenges

Many activities fall under the umbrella of operations and governance, and we undertook a factor analysis to see whether our indicators grouped into coherent clusters.⁸ We found two related groups – an “operations” cluster (which includes performing routine tasks and managing facilities) and a “governance” cluster. The latter includes all the other challenges: strategic planning, board-staff relations, board training and development, management skills and establishing organizational culture. The average challenge score for the operations group is 1.67 compared to 1.83 for the governance and management group.

We find that the two clusters have divergent relationships with some organizational characteristics and behaviors. For example, an organization’s mission or focus on the arts is related to challenges in the governance cluster, but not those of the operations cluster.⁹

⁸ Please see the methodology section for more details about the factor analysis process.

⁹ Details of these differences are freely available on our project website. INCLUDE URL

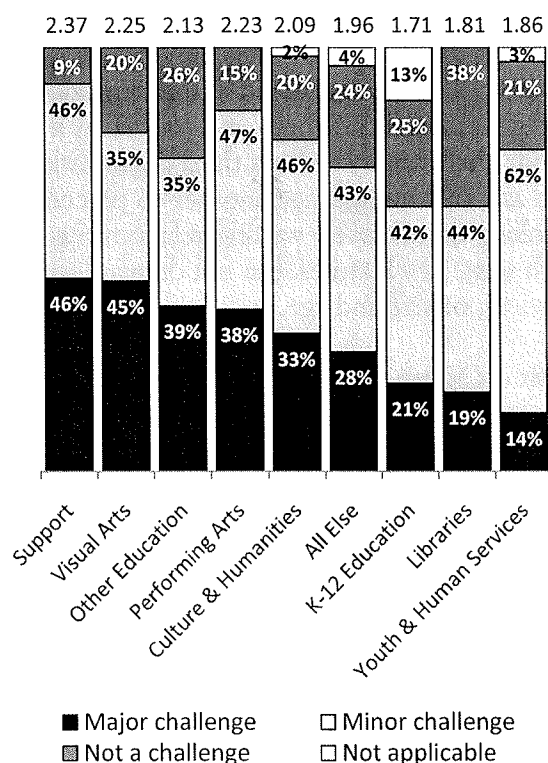
Undertaking Strategic Planning

Undertaking strategic planning stands out as the most significant challenge among the seven indicators considered in this operations and governance category – it is viewed as a major challenge by about a third of organizations and as a minor challenge by another 46 percent. Looking more closely we find relationships with some key features, but not demand for services, or size and age.

Types of Organizations

Organizations that focus more on their arts and culture programs and services report more difficulties with strategic planning (Figure 7.1). For example, 40 percent of organizations that primarily focus on arts/culture say strategic planning is a major challenge, compared to 30 percent that place a major (not primary) focus on arts/culture and 18 percent that just have a minor focus. Possibly the latter organizations see strategic planning for their arts and culture programs as less of a priority (and thus less of a challenge) since such programs are not the primary focus of their operations. That would also explain the 6 percent of “minor focus” organizations that say strategic planning is not applicable to them.

Figure 7.2: Undertaking strategic planning and organization primary mission (n=333)

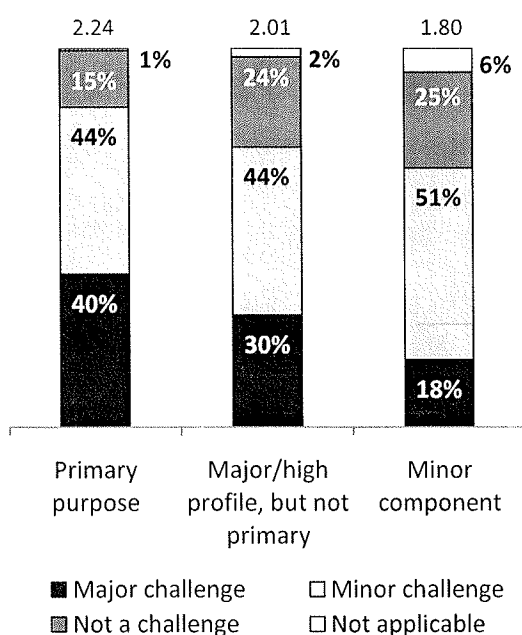


When we consider more detailed arts and culture missions (Figure 7.2), we find that arts support organizations report the highest average challenge scores (2.37) followed by visual arts (2.25). Youth and human services organizations (1.86) and libraries (1.81) are at the other extreme with the lowest scores. Here too, we see a trend where organizations that generally focus more on arts/culture face more strategic planning challenges. Also notably, 13 percent of K-12 educational institutions say strategic planning is not applicable to their arts and culture programs.

Demand for Services

We asked organizations if they experienced any changes in demand for their arts and culture programs and services over the past three years. We found no relationship between such changes and the challenges of strategic planning.

Figure 7.1: Undertaking strategic planning and organization focus on arts/culture programs and services (n=353)



Activities, Policies, and Procedures

A variety of activities, policies, and procedures are related to the challenges organizations encounter with strategic planning. For example and not surprisingly, having a written strategic plan is related to the prevalence of this challenge. About half of responding organizations (51 percent) report that they have updated or developed a written strategic plan within the past two years). Organizations without such a written document are about twice as likely to report a major challenge as those that have a developed plan (44 vs. 22 percent). Similarly, those that have a written plan report strategic planning is not a challenge almost twice as often as those that lacked such a document (27 vs. 13 percent). Interestingly, a little less than half of organizations report a minor challenge with strategic planning, regardless of whether they have a recent written plan or not.